# BUSINESS BWEEK



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A MCGRAW HILL PUBLICATION

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Super Centrifuge Spins Things Apart . . . with Aid from Oil



## A Socony-Vacuum "INSIDE STORY"

You couldn't see it, if our artist hadn't stopped the action. For this new super centrifuge spins at the rate of 50,000 R.P.M., helps achieve new miracles in chemistry, drugs and food processing.

Here's how it works: The high pressure steam shown jetting out from the nozzle (at top) drives a small turbine. This in turn whirls the bowl at the bottom. Inside the bowl, centrifugal force—many thousand times the force of gravity—tears solids from liquids or heavy liquids from lighter fluids.

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Vital, yes! But supplying special oils for unusual problems like this is just one phase of our Correct Lubrication program. Just as important are our specialized recommendations of the right oil or grease for every routine job and every machine in your plant. Get this program now—it's backed by 81 years of lubrication experience.

SOCONY-VACUUM OIL COMPANY, INC. and Affiliates: MAGNOLIA PETROLEUM CO. GENERAL PETROLEUM CORPORATION

This illustration prepared with the cooperation

GARGOYA Lubricants

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The inside track to profits—
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If you sat on the floor of your car, without any cushions to blot up the bumps...could you count the number of road-shocks?

No one could count them! And that's exactly why Goodyear developed the ingenious "Ride Meter" which—attached to the right front axle—indicates the riding qualities of Goodyear tires.

This "Ride Meter" is a series of electrical switches, placed so that they are actuated progressively for each excursion (or movement) of the axle, either toward or away from the frame

of the car. Each switch is relayed to actuate the corresponding Veeder-Root Counter in the bank of 13 counters mounted in the rear seat. This counter-record shows number

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and distribution of axle-movements—guides Goodyear engineers toward greater tire-resiliency and greater riding comfort.

This is one of the ways (ways too numerous to count) in which Veeder-Root Devices—by direct readings—give instant information on any situation that involves motion, mass or flow. Veeder-Root Counters can be built into products as original equipment, or easily attached to products in service. And you can count on "The Counting House" to show you how. Write.

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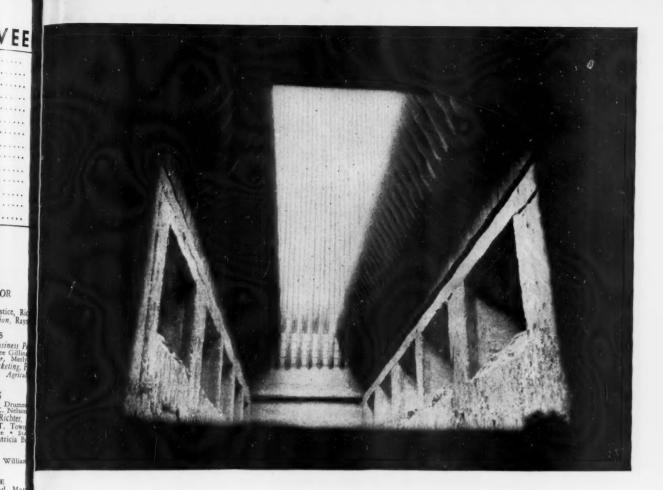
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### A PICTURE WORTH REMEMBERING

... when buying boilers

Helping power plants get maximum neam generation from whatever fuels are available at any time, is an old story with B&W. The action photograph shows a portion of the furnace of a new Integral-Furnace Boiler, a development that offers wider fuel flexibility-allows greater atitude in fuel purchasing. For instance, quality differences in fuels have little effect on its reliable performance and continuity of service. Furthermore, firing of this unit can e immediately changed from pulverized coal to oil or gas-or to a combination of these fuels. The net

result is a boiler that fully matches modern needs in flexibility, versatility, and sustained operating economy. The illustration, taken through the ashpit of a large unit, shows its typically clear and clean furnace while operating near rated capacity with pulverized-coal firing.

Development of this boiler is another manifestation of B&W ingenuity and resourcefulness... another indication that, for all its years, B&W has never outgrown the habit of having new ideas for engineers in all industries.



## Babcock & Wilcox

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Water-Tube Boilers, for Stationary Power Plants, for Marine Service...Water Cooled Furnaces...Superheaters...Economizers...Air Heaters...Pulverized-Coal Equipment...Chain-Grate Stokers...Oil, Gas and Multifuel Burners...Seamless and Welded Tubes and Pipe...Refractories...Process Equipment



Whiting has prepared a simple Crane Record Form on which to enter figures from your maintenancework orders or time and material tickets. Thus adequate records can be kept with minimum inconvenience to your book. venience to your bookkeeping department...
they will tell you which
cranes are paying their
way and which scheduled
for replacement.

MAINTENANCE is an integral part of the cost of operating a crane . . . yet few concerns keep adequate records of these costs. When time spent by plant employees on crane repairs is placed in a "general maintenance expense" account, management cannot know the high price that is being paid to keep old cranes in service. Lost production time may be even more serious than the cost of replacement parts and labor.

Operating records of a great many cranes over a period of years show that the cost of parts is only a small share (much less than half) of crane maintenance cost . . . that the major cost is for installation.

Have your cranes been overburdened during the war years? Are some of them so old they have outlived their economic usefulness? You can soon tell by keeping maintenance records with the simple card system (see left) that Whiting will gladly supply you. Let us know how many cranes you are operating and we will gladly send a Record Form for each crane in your plant. Write Whiting Corporation, 15661 Lathrop Ave., Harvey, Illinois.

BUILDERS OF QUALITY CRANES Dependable ·· Quiet-Running ·· Durable FOR OVER 60 YEARS Offices in Chicago, Cincinnati, Detroit, Los Angeles, New York, Philadelphia, Pittsburgh, and St. Louis. Agents in other principal cities. Canadian subsidi-ary. Whiting Corporation (Canada) Ltd., Toronto, Ontario. Export Department: 30 Church St., New York 7, N. Y. Overhead CRANES

## THE COVER

The holidays cast a seasonal upon the fortunes of the Lionel Co makers of model trains and rail equipment. Joshua Lionel Co launched this unique company 47 ago. He had invented a tiny electronic motor which he used to power like model trains. Cowen's middle na used as a trademark, is now as fam to the public as those of huge corp tions making full-size cars and loco

One of the earliest devotees Lionel trains was his son, Lawre After a wide excursion in financial fie Lawrence returned to the pare roundhouse. In 1945 he became dent of Lionel Corp., while his fa moved up to chairman. Today at the younger Cowen handles the th tle of active management while gadget-minded father is left free to

velop new ideas.

• Detour-Lawrence Cowen found the detour in his career only pro that he could not escape his family tiny. As a youth he accepted his fath advice that he ought to study engin ing. He went to Cornell Unive where he struggled with the myste of mechanical and electrical proble Young Cowen developed a liking electric motors but when he left so the buzz of the ticker sounded be to him than the hum of a Lionel eng So he set out to invade booming St. He rode out the dizzy climax of boom and the rocky bottom of slump with his tail feathers intact.

As an expert in company finar Lawrence was often consulted on Lid Corp. matters by his father. In 1 the two made a weighty decision. T moved the Lionel Corp. into fast pany by listing its securities on the York Curb Exchange, thus changing status from a family firm. While public was allowed to buy Lionel sha

the Cowens kept control.

No Hobby Time-With this ma more and more of Lawrence's time taken up with details of Lionel aff In the end he said good-bye to Wall went uptown to take full-time cha of Lionel operations. Today he w in a modern, paneled office overlook the trees in Madison Square. He ceased to hanker for the chirp of ticker and the tumult of the trad floor. His manner is crisp and incis If he lacks his father's mechanical f he makes up for it in promotions sell more Lionel trains and in finance short cuts that add to company pro Somewhat wistfully he admits that is too busy running the company get into any such hobby as model roading.

## USINESS OUTLOOK

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Business prospects are bright for early 1948—and quite possibly for much farther into the future.

Home building has risen spectacularly from last spring's slow start.

Commercial and industrial expansion have proved a great deal more vigorous than had been anticipated.

Export trade, valued in dollars, has outrun all expectations (although it has declined somewhat from the second-quarter high).

Automobile production finally got rolling late in 1947.

And all this is backstopped by the European Recovery Program. Such a combination is pretty heady stuff.

Income levels are the highest ever as the country enters 1948—and there is no present indication that they will taper off any time soon.

Gross value of goods and services produced is at an annual rate of about \$235-billion as the year closes. The 1947 total, when computed, probably will be close to \$230-billion against \$204-billion in 1946.

Personal income, in the late months of the year, was above \$200-billion annually; the spending rate had climbed to about \$170-billion.

Yet, handsome as they are, these figures leave something to be desired. Too little of the 1947 gains represent actual production, too much is just the product of higher prices.

Even so, physical production seems to have topped 1946 by 8% to 10%.

Industrial output can rise but slowly from the levels of late 1947.

We have been using up our labor supply. "Full employment" has been a fact for months; unemployment is at the irreducible minimum. (Men could work more hours but are disinclined to.) Growth of the labor force alone can furnish more hands for expansion of output.

This growth will be about 600,000 from seasonal peak employment in July, 1947, to the 1948 top next July. If we achieve full employment next summer, 61-million will have jobs—and unemployment, even so, might be slightly in excess of the 1947 high of about  $2\frac{1}{2}$ -million.

<u>Productivity in 1948</u> will increase mainly by means of new plant and equipment going into service. This already is being felt (page 19).

Here lies the hope of price reductions, lower break-even points.

Here also is an implicit threat of disemployment. More than  $1\frac{1}{2}$ -million "extra" workers still are in the labor force, left over from the war.

Better machines will permit the culling out of marginal workers. Yet this will only temporarily raise the jobless rolls; many, when their unemployment compensation runs out, will simply retire from the labor force.

Jobs for veterans have proved numerous in manufacturing. About 3.2-million who saw service in World War II had found such employment by the middle of 1947. That was 20% of all factory jobs at that time.

And vets are (1) still restless, or (2) in extraordinary demand. The quitrate among them still is half again above that of other workers.

Construction in 1948 will score another new high in dollar volume.

On this there is general agreement, although you will find some disagreement on amounts. These arise, in part, from types of construction

BUSINESS WEEK DECEMBER 27, 1947 which various authorities include or exclude. Then, too, dollar totals depend on whether the experts foresee new cost increases or not.

Thus the joint estimate of the Departments of Labor and Commerce is total building of \$15,200,000,000 in 1948 against \$12,665,000,000 in 1947. The Producers' Council arrives at a 1948 total of \$14-billion. Engineering News-Record's forecast is \$13½-billion.

And E. N. R. adds a constructive note: The gain in 1948 will not be in dollars alone; unlike 1947, there will be a rise in physical volume.

Home building next year is put at \$6-billion by the Labor-Commerce statisticians. That would be up from \$4.8-billion in 1947.

It now appears that completions in 1947 will total somewhat more than 800,000 dwelling units. Through November, according to Bureau of Labor Statistics count, 745,000 had been finished, 70% above all of 1946.

<u>Plant and equipment expansion</u> seems to be undergoing a less-thanseasonal decline this winter. That augurs well for volume of capital goods through the first half of 1948, at least.

Many Washington economists, meanwhile, would like to see some letdown. They figure lower capital outlays would take some zoom out of prices.

The report of the Council of Economic Advisers to the President this week indicates clearly that this group feels we have a little too much employment. This builds inflationary pressure, threatens a spill later.

<u>Labor relations</u> will be touch-and-go as long as we have such high employment. Labor leaders know they have the upper hand.

Management, for its part, doesn't want shutdowns. Nobody wants to endanger his competitive position in this lush market.

Thus third-round wage increases are likely without any big strikes.

<u>Prices</u> will be subject to less upward pressure in the first half of 1948 than at any time since the war (page 19). That doesn't necessarily mean, though, that the rise is over.

Wage increases will supply the next big push. Shortages of meat and bread grains will be an added factor in the spring.

On the other hand, it should be remembered that all danger of a recession is not past. Everybody is optimistic now. So it is timely to remember the old Wall Street adage: Always bet against the crowd.

Prices can fall of their own weight. Put another way, it is possible they already are outrunning consumer purchasing power. That would touch off a price decline, and that would tend to pull down business activity.

Retail sales probably will show the smallest gains over the next few months of any segment of the economy.

Demand for soft goods certainly is no larger than a year ago. And supply of many nondurables is rapidly catching up. At the same time, most prices are up. That is bound to pinch unit volume if not dollar sales.

Farm prosperity will depend on both harvests and prices. But if crops aren't good, prices will at least partially compensate.

Thus farm income may approximate this year's record \$30-billion. But the market will be less lush; production costs are still rising.

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usiness Week Index (above)			190.9	188.1	162.2
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Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	. \$28,923 . +10%		88 59 \$28,595 +11% 79	81 57 \$29,019 +20% 27	86 52 \$9,613 +17% 228
CES (Average for the week)  spot commodity index (Moody's, Dec. 31, 1931=100)  adustrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)  Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)  Simished steel composite (Steel, ton)  Copper (electrolytic, Connecticut Valley, lb.)  Wheat (Kansas City, bu.)  Sugar (raw, delivered New York, lb.).  Cotton (middling, ten designated markets, lb.).  Wool tops (New York, lb.).  Rubber (ribbed smoked sheets, New York, lb.).	. 295.5 . 415.0 . \$76.09 . \$39.75 . 21.500¢ . \$3.02 . 6.32¢ . 35.55¢ . \$1.887	455.9 †292.5 †412.6 \$76.09 \$39.75 21.500¢ \$3.03 6.32¢ 35.99¢ \$1.856 20.93¢	454.9 293.4 399.1 \$76.09 \$40.58 21.500¢ \$3.00 6.32¢ 34.82¢ \$1.835 23.50¢	376.7 264.7 309.8 \$64.91 \$31.17 19.500e \$2.11 5.57e 33.10e \$1.680 22.50e	198.1 138.5 146.6 \$56.73 \$19.48 12.022¢ \$0.99 3.38¢ 13.94¢ \$1.281 22.16¢
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INSTRUMENTS TAYLOR ACCURACY

## WASHINGTON OUTLOOK



**OIL AND STEEL** are the first industries to get the NRA treatment under the G.O.P. anti-inflation measure.

The oil industry is already in with its proposal or an industry-government setup under the Taft of allower of antitrust for allower of agreements.

And Harriman is calling in the steel people of a meeting Jan. 8.

The petroleum deal is an expansion of an tready operating government-sponsored industry rganization, created last summer to put military rders on a quota basis.

Now you will see new steps like these:

- (1) Adoption of a standard order of priority brall fuel oil users: hospitals, first, bowling alleys, st.
- (2) Sharing crude supplies with independent fineries to keep all capacity on stream.
- (3) Agreement to run refineries for maximum el oil output at the expense of gasoline.
  - (4) Further cuts in octane ratings of gasoline.
- (5) Contribution by each producer of 5% of roduction to a pool to supply "homeless" distributes and consumers. (Industry hope is that this pool ould be dished out by state, rather than federal, flicials.)
- (6) Pooling of transportation facilities to avoid toss-hauling.

Also, the oil industry group would likely take ver the propaganda work on the consumer consertion program which Truman has been working (BW-Nov.22'47,p15)—if that program ever sees to light

Right now that plan is all snarled up in a ackstairs squabble. All the fuel industries are ucking it: Coalmen say they can meet demand. It is save scare talk for really cold days. I will make consumers sist on full tanks all the time.

On steel, Harriman's main idea is to arrange better flow of metal into manufacture of such toke points as farm equipment, generators, freight ars—even though it hurts autos, refrigerators, and ton.

Other moves being discussed: (1) revival of artime emergency steel specifications; (2) cutting ack supplies to marginal users who can find sub-

stitutes; (3) denying steel to buyers suspected of reselling into the gray market.

marshall Plan Issues have crystallized, now that Truman has finally laid out an official proposal.

Dollar amounts aside, the debate will center on two things:

#### (1) Administration of the program.

Truman's proposals give the State Dept. the whip hand. The administrator of economic cooperation is hardly more than another Assistant Secretary of State. But Congress doesn't trust the boys in striped pants; talk on the Hill favors a strong, independent agency staffed by businessmen.

#### (2) The four-year commitment.

Although Truman asks money for only one year, his proposal calls for legislative approval now of the whole four-year job. Many congressmen insist that each year's aid be contingent upon last year's results.

Neither of these issues is as bureaucratic as it sounds. Both of them run to the heart of U.S. foreign policy.

On the question of administration, what's really involved is how we treat the nations we're trying to revive.

Do we spoon-feed their industrial development with a lot of American guidance—a sort of WPB for Europe? Many congressmen and some of Truman's people think we'll have to.

Or do we treat the Europeans as responsible sovereigns, meet their financial deficits but leave it largely to them to put the money to work? The State Dept. has convinced Truman that this is the only realistic way ever to get Europe to where it can stand on its own feet.

So that's why Truman's proposal puts State in charge.

Marshall will bear down on the four-year commitment because he wants to give notice to Russia that we're in this job for keeps. The one-year people aren't so sure they want to be in for keeps—not until they see how things go.

In this argument, the Administration will make the most of the failure of the foreign ministers' meeting at London.

Marshall now openly declares that any more talk with Russia is useless. From now on the conflict turns on whether we can build up a Europe that

## WASHINGTON OUTLOOK (Continued)

can stand against Communist pressure—and that, Truman tells Congress, is a job you don't take on piecemeal.

G.O.P. APPROPRIATIONS Committee members who have seen advance worksheets on Truman's budget requests for next year confess that Truman himself has pared them to the bone.

Some of them, a little sheepishly, suggest that Congress may actually wind up voting more money than Truman asks. It's a political year, you know.

· WAA's New York regional office wants bids by Dec. 30 on 375,000 pairs of dice and 1,100 money belts. If you can use both, it's a good buy. . . .

· You'll soon get a reminder from the Labor Dept. that the Taft-Hartley act requires you to file your union contract. BLS hopes for money to analyze contract features, tell you what others are agree-

• On the Hill, the Ball joint labor committee is advertising for examples of inequities under T-H. The committee has a report to make Mar. 15; so far not many have squawked.

#### A GUIDED ECONOMY?

There's a 30-page booklet out in Washington this week that you might easily miss the significance of. It's a prosy sounding affair-the second annual report of the President's Council of Economic Advisers. And most of the meat of it is sandwiched between the lines.

All the same, the CEA report is the best indication yet of what sort of government the people who vote for Truman next November will really be voting for, over the long haul.

Except for dealing with the immediate, urgent problem of high prices, the Truman Administration is a government without an economic philosophy of its own. That may be why Truman leans heavily on Nourse, Keyserling, and Clark of CEA in economic matters. At any rate, he has shown in the past year that he does. And that makes the course of CEA thinking important to businessmen.

A guided economy—not controlled, so they see it now, but guided-is what CEA ideas are moving toward.

The advisers are coming to the conclusion that it's up to government to figure out quantitative goals for the economy-"needed levels" of employment, production, and purchasing power.

For industry generally, they foresee something like the production goals now set for agriculture where producers' "decisions and commitments a entirely within their own hands, but they have the benefit of broad professional analyses and gener advisory guidance from a widespread system of agencies . . . loosely coordinated into a nation system . . . and pointed up in a series of annual outlook conferences."

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A system for enforcing goals by subsidies an penalty taxes has grown up in agriculture. Ho much of that would have to go with any such indu trial system is something the council hasn't co lectively tackled yet.

This is the CEA argument, dug out from under the sedate language:

The problem ahead is to convert an unstable boom of full employment but less-than-full pro duction into a stable, high-level economy.

This can be done, but only if correct decision are made on things like these: the balance betwee capital goods and consumer goods; between labor hours of work and leisure; between the level of pro duction and the level of purchasing power; th balance among different kinds of productionsynchronizing autos, say, with roads, or choosin between autos and houses.

These decisions are crucial; if they're mad wrong, the resulting trouble would be too big to b offset by any possible "compensatory" governmen action-public works, and that sort of thing.

The economy won't make the right decision automatically.

Nor is production, more production, still mor production the answer: ". . . full production, catching up with market demand, [can] force dis astrous price breaks, result in production cutbacks and thus prove to be its own undoing."

These crucial decisions, the council concludes call for government help. No "individual or grou alone can acquire the perspective or sweep of view over the whole economy which would enable then to synchronize and coordinate their efforts with those of others."

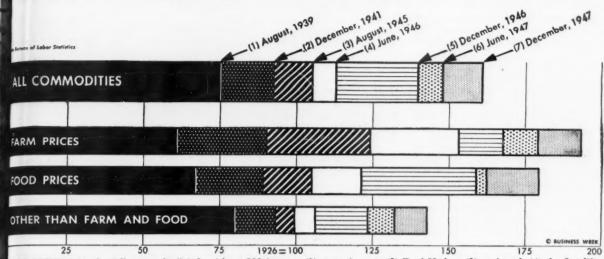
All this sounds abstract. As a program, hasn't hatched yet. But it's full of meaning for the future.

The New Dealers had a philosophy of sorts adapted to depression times. In this CEA theorizing you can see the beginnings of a similar philosophy Thus, is for boom days.

16

## USINESS WEEK

NUMBER 956 DECEMBER 27, 1947



RICE LEVELS for the "all-commodity" index (about 900 items wholesale) have more than doubled since war broke out in gope in 1939. Progressive stages in that rise, shown above, are:

(1) start of war to (2) Pearl Harbor; (3) war's end; (4) the first lifting of OPA's ceilings; (5) after the final demise of OPA; (6) end of the first half of 1947; (7) end of 1947.

## Vill Prices Level Off in '48?

Some analysts think so, but when and at what level is anydy's guess. Wage boosts, costs of raw materials will govern instrial prices. Good grain crops would relieve pressure on all toods.

Businessmen probably won't be quite much bothered by rising prices in the thalf of 1948 as they have for the t18 months.

Prices up to now have been acting if of like the old gray mare who has bit in her teeth and is headed for barn. But that's not to say that will go up indefinitely. Supply and mand factors, ever so gradually, are aging. This week the outlook for is about as follows:

FORTS aren't likely to average higher than in 1947, even under the Marthall Plan as the President presented to Congress.

Issumer Demand for soft goods isn't likely to exceed 1947; in some types of durables, buying will continue to ise but others have seen their highs. INSTRIAL EXPANSION of plant isn't likely to exceed the 1947 average in the months immediately ahead and may turn down later in 1948.

ME BUILDING will run well ahead of the first half of 1947 but can't be expected to do much better than the andsome summer and fall totals.

TENTORY ACCUMULATION will be less than in the first half of 1947.

Thus, in the minds of most analysts,

there is some hope of a leveling-off between now and summer. Few, however, are bold enough to predict when this leveling-off period will start or how much higher prices will stand then than now.

• Wage Hazard—One of the hazards to such forecasting lies in the third-round wage increases. Management's price ideas are bound to be affected by the size of the wage boost granted.

Productivity will govern how much of the wage bill will have to be passed along to the consumer in prices. New plant and facilities are gradually beginning to raise the amount of output per man-hour of labor, thus cutting down the cost of labor going into the final product. Only this week, for example, in cutting prices on some of its new refrigerator models, Nash-Kelvinator cited approximately a 10% improvement in operational efficiency.

This sort of thing will have an increasingly important effect on breakeven points in 1948—hence, on prices.

• Other Costs—Industry's costs for raw materials and purchased parts, along with wage rates, remain a major point, as always, in arriving at price policy. To the statisticians (chart, above), "commodities other than farm products and foods" make up the list of indus-

trial commodities. These haven't risen nearly so much as other commodity prices have—but the trend has been more persistently upward during recent months.

Farm products and food prices, even though they have bounced up sharply, have had some serious sinking spells in the last year and a half. (They may, as a matter of fact, be undergoing a period of adjustment right now. The congressional probe of speculation adds to present jitters.) Industrial prices, by contrast, have shown little or no hesitancy even though their upward march has been slower than for farm and food commodities.

• Metals Hold Back—Prices of metals, conspicuously, are held back today only by producers' desire to be sure that quotations don't get out of hand. Steel may have to go up again if further freight rate boosts are granted; it almost certainly will be advanced to reflect the expected wage increase.

Nonferrous metals which were clearly uncertain last fall are now straining to go above established quotations. Copper consumers, for example, apparently would be willing to contract for their needs far into the future if producers would open their books for that kind of business.

This firmness in prices reflects the confidence that industry feels in its volume of business for the next few months.

• Four Factors-But, in farm-and-food items, the outlook is much less open-and-shut.

Prospects beyond the middle of 1948 seem to hinge mainly on four things:

(1) continuance of high consumer incomes; (2) volume of exports; (3) size of next summer's wheat and corn crops; and (4) what further action Congress may find it expedient to take.

The first two factors—consumer purchasing power, and exports—add up, as of now, to demand about at 1947

levels.

As to the fourth factor, Congress can't be expected to add anything to the rather puny grant of power voted last week (plus new ceilings on consumer credit) unless the price situation really threatens to get out of hand.

really threatens to get out of hand.

• The Key: Grain—So a lot hangs on No. 3—the grain crops. Only clew now is the condition of the winter wheat crop—and the government's first estimate of the season on that made good reading.

Acreage seeded to winter wheat apparently is a shade larger than it was a year ago—a new record. That in itself came as a surprise to many.

Condition of the crop isn't nearly as good as it was last winter. Yet if present condition is maintained, the crop next year would come to about 840-million bu. That, plus a good spring wheat crop, could bring the total yield

well above the billion-bushel market for the fourth year in a row.

• Lower Grain Prices?—A wheat harvest that large could effectively take the squeeze off the grain markets by next July. Then, if the corn crop got back up in the 3-billion bu. area, both feed and food grains might be expected to decline in price.

This would be likely to have farreaching effects. Upward pressure on food prices would be relieved all along the line—both here and abroad. Of equal importance, lower feed prices would encourage the raising of more and better finished livestock—the only solution to a meat shortage that will become pretty severe by spring.

• Still a Gamble—But if the grain outlook darkens, these rosy prospects vanish. Winter wheat is susceptible to untold damage between now and the harvest which begins in June. Poor crops, obviously, would be a calamity both for home feeding and for the country's commitments under the European Recovery Program.

Such a contingency could force Congress to adopt a really stringent set of allocation and price controls—even in a

presidential year.



#### One Big Carrier Hauls Another

A long, curving line of freight cars carries the first shipment of pipe for a new natural gas pipeline to run from Texas to Wisconsin and Michigan. When the gas starts flowing—probably in 1950—it will help ease the serious shortage in that area. Ordered from A. O. Smith Corp., Milwaukee fabricators,

this shipment is the first part of one of the biggest single pipe orders ever filled. Estimates put the final bill at close to \$36-million. The line will stretch about 1,300 miles. Michigan-Wisconsin Pipe Line Co. and Michigan Consolidated Gas Co. will operate the new pipeline.

## Airlines Boost Fares Second Time This Yea

The high cost of living has caught with the airlines for the second ti this year. The last major holdo against a second-round 10% passeng fare increase have finally fallen in h

Last April, the airlines raised pass ger fares from abo. t 4.6¢ a mile to (BW-Mar.29'47,p16). The new le is 5.6¢ a mile.

• Slow—Industry sentiment for the fi 10% fare increase last spring was pritically unanimous. The latest bookhowever, came slowly and reluctantly.

Northwest Airlines took the fiplunge; it made the second-round crease effective in October. United Lines and TWA announced intentito follow suit several weeks later. Masmaller companies then climbed aboathe bandwagon.

• All But One—American Airlines, that largest domestic operator, was the lamajor holdout. It finally joined to move this month. Now 13 of the domestic trunklines have instituted they war's second boost. Eastern and tional intend to take the step Jan. It Colonial is the only carrier that has asked for the second-round hike. But already had slightly higher fares the the industry average.

The Air Transport Assn. points of that, despite the two increases in 194 airline fares over principal domest routes are still 6% below the 19-level. By comparison, the consum price index rose about 50% between

1941 and 1947

• Reason—The fact that the industry a whole lost nearly \$10-million in the first 10 months of 1947 was a maje cause of the second fare boost. For the four lines that use DC-6's, grounding of the big planes (page 28) was anothe important factor.

#### BUS MERGER O.K.'D

A new major bus network came in existence last week, when the Interstat Commerce Commission approved th merger of three big southwestern carriers.

The new line, to be known as Tran continental Bus System, Inc., will of crate some 22,000 mi. of routes (BW-Aug.23'47,p21). They run from Chago down through Texas, and across to California. The three merging companies: Continental Bus System, Inc. Dixie Motor Coach Corp.; and Sant Fe Trail Transportation Co.

The current merger may not be the end of the story. Rumors in the industry have it that, before very long, a new and bigger merger will make Transcontinental really live up to its name.

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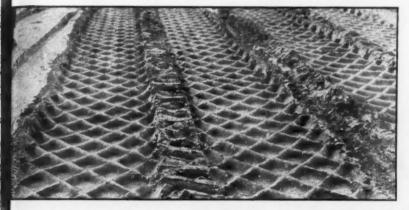
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### Giant Compactor With 160-Ton Load . . .

wyweight champion in airport building pipment is helping cut costs at Baltimore's airfield. O. J. Porter & Co., Sacramento, diff., built the \$80,000 behemoth. Only me models are in use. The compactor it-

self weighs 40 tons. When engineers pile 80-lb. iron ingots into its two boxes, it tips the scales at 200 tons. As a 200-hp. diesel tractor drags it along, the machine treads with a pressure of 9,600 lb. per sq. ft.



### . Makes Deep Imprint on Future Runway

the foot prints of Crusoe's man Friday to no more sensational than those of ster's compactor. Its four wheels have ply tires eight ft. high, with a 30-in. ad. Tires are inflated to 150 lb. Earth far down as four to six feet feels the

weight. Baltimore officials figure that, thanks to the extra-hard tamping done by the compactor, they can omit one layer of stone in the sub-base of runways and taxi strips. This may mean a saving of \$1-million in the cost of constructing the airport.

## 47 Sets New Fire-Loss Record

Damage total of \$624-million on Dec. 1 tops all past figures.

Par also brought other troubles to fire insurance companies:

Redequate rates and increased premium volume.

This week it became certain that operty damage from fire in the U. S. Il be 10% more in 1947 than ever bear. By Dec. 1 fire damage already counted to \$624-million. Worst presus years were 1940 and 1926, with 61-million in losses both years.

This will make fire companies even posier about whom they insure (BW–126'47,p64).

One big reason for the increase in losses is, of course, that property values have gone up.

Also, due to the building shortage, warehouses that five years ago would have been only about half-full are crowded now.

So 1947 has seen a record number of "conflagrations," the term the fire insurance business applies to fires involving a property loss of \$1-million or more. So far, there have been 33 such fires this year. They have caused a total estimated property damage of over \$100-million.

• Reasons for Increase—But then, there have been more just plain fires, Why? Here are some of the underwriters reasons:

(1) Fire departments and water supply systems haven't been able to keep up with property expansion. There is a shortage of new fire-fighting equipment. Many cities have outgrown their water supply.

(2) Industrial and home maintenance is below par. Heating, mechanical, and electrical equipment has been operating full blast. In many cases there hasn't been the time or the manpower available that is needed to keep equipment in proper shape.

(3) There is a tendency for highvalue buildings—factories, supermarkets, bowling alleys—to move outside of bigcity limits, farther from firehouses. Onethird of this year's "conflagrations" took place in towns of 10,000 population or under.

(4) There hasn't been enough attention to safety in the use of new industrial processes and materials.

• Slow Rate Changes—All this means trouble for fire insurance companies. Their rates are set by the states, and are therefore slow to reflect changed conditions.

Some states have approved rate increases this year, reversing a long-term downward trend in fire rates. But it will take some time for fire companies to feel the effect of new rates, even where higher charges are already in effect. Most fire insurance policies are good for two or three years.

• "Too Much Business"—Fire companies have another problem: an abnormal jump in premium volume. Actually, too quick an increase in business is a financial headache. Here's why:

Only part of new premiums can be used currently. On a three-year policy only one-third of the premium would be "earned" at the end of the first year. The unearned part goes into a reserve that can't be touched.

Generally, more is spent by a fire company in writing a policy (due to commissions and taxes) than it receives the first year in earned premiums. The difference has to come out of the company surplus. Hence there is a limit to how much business the company can write in any one year, even if it is not losing money due to unusual fire damages.

The only way fire companies can handle heavy increases in business is to up their capitalization. Some are doing this. Meanwhile, all fire companies are being careful about what sort of risks they take on in the future.



COMMUNITY PROPERTY LAWS have spread across the country, despite legal snarls, because of the tax advantage they give

## Trend Toward Income-Splitting Tax Laplis

State legislatures, as well as taxpayers, root for national act; hordes of legal problems arise from individual state laws.

Taxpayers are not the only ones who are rooting for the tax cut bill that Rep. Harold Knutson introduced last week (page 24). The legislatures of 36 states will breath a deep sigh of relief if Congress finally puts an O.K. on the incomesplitting provisions of the Knutson proposal.

For unless Congress allows husbands and wives to divide their incomes equally on federal tax returns, the various legislatures probably will be forced to pass community property laws for their states. That would mean tangling up the laws on divorce, inheritance, and property. It could take years to straighten out.

• State Laws Followed—The community property question comes up because federal tax law follows the state rules for determining ownership of income. And, of course, whoever owns the income pays the tax on it.

In the 36 states that now follow the old English common law, the person who earns the income owns it all. A man's wife may take everything from his pay envelope except carfare, but that's

a private matter. Legally it is all his.

• Old Spanish Custom—In the 12 states that have modeled their law after the old Spanish code, a wife has a legal right to half her husband's income. All property acquired after the marriage (and in some states the income from property owned separately before the marriage) becomes community property. That is, husband and wife own it jointly.

The man in a common-law state may glow with pride on reflecting that he is a master in his house and the sole owner of all his income. But if he makes more than \$5,000 a year, that glow of pride probably is costing him money.

• How Splitting Saves—This comes about because the federal income tax is highly progressive. Rates step up rapidly as income rises. Above the first bracket, a man with a given income will pay more than twice as much as a man with half his income. And the higher you go, the greater this difference becomes.

As a result, a man and wife can cut down their total tax if they can file separate returns; dividing their joint income equally and thus getting in surtax brackets. In community p states, husband and wife can that. In common-law states, the file separate returns only if the separate incomes. And then each has to report the full amount or she receives—no splitting.

• States Tempted—The tax ad that goes with residence in a comproperty state has tempted other to put themselves on a communicative basis.

Originally, there were only eigmunity property states—Arizona, nia, Idaho, Louisiana, Nevada Mexico, Texas, and Washington derived their law straight from Spanish system.

In 1939, Oklahoma tried to tax advantage without going all to community property. It passe allowing husband and wife to ma munity property contracts wit other if they liked. The U. S. S. Court threw this one out.

In 1945, Oklahoma tried again May5'45,p79). It passed a law community property the rule for ried couples. The Supreme Co proved it. And Oklahoma husbat

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## x Saving in Split-Income States

What you gain in federal taxes if you live in a community-property state.

res for married couple, no dependents; one spouse receiving all the income.

come ve tion	Tax in Non-Community Property States \$ 190	Tax in Community Property States \$ 190	Amount of Tax Saved \$ 0	% of Tax Saved 0
000	589	570	19	3.23
000	1,577	1,388	189	11.99
000	2,185	1,844	341	15.61
000	6,394	4,694	1,700	26.59
000	9,082	6,460	2,622	28.87
000	24,795	18,724	6,071	24.49
000	63,128	50,274	12,854	20.36
000	407,465	383,544	23,921	5.87
000	839,715	815,794	23,921	2.85
000	1,704,215	1,680,294	23,921	1.40
000	3,420,000	3,409,294	23,921	.31
000	5,130,000	5,130,000	0	0

## olls Up Popular Approval

happily began filing separate tax

r States Follow—Oregon adopted in law early in 1947 and then it succession three more states are to the community principle—in, Nebraska, and Pennsylvania. I vear, almost every common-law igislature that meets will find aity property bills in its hoppers. The states that are considering also are New York, New Jersey, musetts, Colorado. Gov. Dewey, of ork, announced last week that he is a community property bill if it does not permit income split-

to Iron Out—But it hasn't been oth sailing for the states that their laws. Legislators have disbelatedly that it is one thing to with a system (as the original mity property states did) and mg else again to change the whole property ownership by statute.

The Pennsylvania Supreme

has thrown out the law and put back on a common law basis. In tates, court cases are pending to a constitutionality of the new to thresh out the problems of their application to particular situations.

• Some Problems—One big difficulty is determining what to do with property that was owned separately before the community property law took effect. If income from such property is not communal, many couples gain nothing from the law. Some might even find their taxes increased. (This could happen if a wife had a large income from investments and the addition of half her husband's salary pushed her into a higher bracket.)

But if the law makes all income from separately owned property communal, it may cut across established trusts and similar arrangements. That raises the question of constitutionality. This was where the Pennsylvania law got into trouble.

• Problems—Other difficulties come up in divorce and separation cases. Also, there is the possibility that a community property law will increase the estate taxes on large fortunes. If a wife died, for instance, the husband might have to pay an estate tax on part of their property even though all of it had come from his earnings.

Here are some of the problems that have come up in the states that adopted community property laws: Pennsylvania—The Supreme Court of Pennsylvania declared the law unconstitutional because it tried to give one spouse a right to income from property that was separately owned by the other. The court also looked down its nose at the law in general and declared that community property was too "exotic" for Pennsylvania.

Michigan—The courts are just getting started on interpretation of the new law. The first test probably will be a divorce case in which the Circuit Court in Detroit has ordered the earnings of a couple impounded by the Friend of the Court. Each litigant is to get legitimate living expenses from the fund, and the balance will be split 50-50.

Lawyers are bothered by a possible conflict between the new community property law and a recent Michigan law. The law, aimed at reducing the high divorce rate, specifies that divorce decrees shall not become final for six months. During this waiting period the wife may still be able to claim half the husband's income.

Oregon-Lawyers are not sure where creditors stand under the new law. Loan companies and credit agencies are in a dither over it. One question is what

### Knutson's Tax Bill Promises \$5.5-Billion Relief

Republicans beat President Truman to the punch by presenting a 1948 personal income tax cut proposal the day before adjourning for Christmas. Now Truman will be on the defensive when he makes his State of the Union address in January.

• Substitution—The new bill (HR 4790) was put forth by slash-happy Harold Knutson, chairman of the House Ways & Means Committee. It is a revised draft of Knutson's pet HR 1, which twice failed to escape the presidential axe early this year. The new bill promises \$5.5-billion tax relief, against the \$4-billion in HR 1.

But don't forget that this is not the way the final bill will look. Changes are inevitable. Both houses have to act, and then the President has his inning. Truman's answer to any tax cut is still an emphatic "No." So figure on computing your Mar. 15 estimated tax return on existing schedules.

• Provisions—Knutson's bill would:
(1) Boost personal exemptions from \$500 to \$600 thus removing 6-million people from the federal tax rolls and cutting revenues by about \$2-billion.

(2) Give all taxpayers the advantage of the split-income formula (page 22) now enjoyed by citizens of 12 states, knocking revenue down more than \$600-million.

(3) Set up a sliding-scale reduction in tax rates running from 30% on lower incomes to 10% in the upper brackets, chopping \$2.6-billion from the federal "take."

(4) Give more personal exemptions to the aged and blind, cutting revenues around \$200-million.

• Veto-Proof?—Knutson calls his bill "veto-proof" because 58% of the relief goes to the 30%-cut bracket. Some 29.2-million taxpayers would share this relief. Here is the sliding scale schedule:

30% cut for incomes not exceeding \$1,000, after deductions and exemptions.

30% to 20%, graduating downward, for taxable incomes of from \$1,000 to \$1,396.

20% reduction for taxable incomes of from \$1,396 to \$4,000.
20% cut on first \$4,000 of higher

income, plus 10% on the remainder above \$5,000.

• Behind the Relief—The added relief in the new bill as against the estimated \$4-billion cut in HR 1 comes from the increased personal exemption and "split income" features. Best estimates are that, on the basis of the current rate of national income, around \$40.5-billion would go into the Treasury compared to an estimated \$46-billion at current rates.

Speaker Martin and other Republican leaders have not formally approved Knutson's new bill. However, Knutson can count on strong support from the House. He may get the bill through that body with only minor changes.

 Closer Scrutiny—In the Senate the bill will get closer going over.

However, the chances are bright that a tax law of some kind will be enacted next year. Next year is an election year, and 435 House members and one-third of the Senate must stand for reelection.

• Example—Here's how Knutson's bill would affect the taxes of the average U. S. family:

Married Couple With Two Children

Net Income		Tax Under New Bill	Amount of	% Cut
\$2,000 .	 . 0	0	0	.0
2,400	 \$76	0	\$76	100.0
3,000 .	 190	\$80	110	57.9
5,000	 589	386	203	34.5
7,000	 1,045	708	337	32.2
10,000	 1,862	1,210	652	35.0
20,000	 5,890	3,656	2,234	37.9
30,000	 11,381	6,977	4,404	38.7
50,000	 24,111	15,986	8,125	33.7
100,000	 62,301	44,224	18,077	29.0
300,000	 233,700	189,226	44,474	19.0
500,000	 406,600	343,940	62,660	15.4
1,000,000	 838,850	732,966	105,884	12.6
2,000,000	 1,703,350	1,511,014	192,336	11.3

\* This means personal income after allowable deductions (contributions, interest payments, business expenses) but before personal exemptions.

standing a creditor has in a divorcase. Another is whether or not creditor can attach community proceed or income for the debts of or spouse.

Two cases have come up so far, one, the Multnomah County Circu Court held that the plaintiff in a dar age suit could not attach the wages the defendant because they were community property. In the other case, the plaintiff is trying to attach the wage of the defendant to satisfy a debt. The same sort of decision is expected.

Oklahoma—The law seems to working out pretty smoothly. Lawye and businessmen feel better about after seeing it in operation. There have been cases in which a couple's taxes a increased rather than cut by the application of the community property principle. But the state tax commission estimates that Oklahoma citizens save about \$10-million a year by income splitting.

Nebraska—Some lawyers are advising creditors to get the wife's signature of all transactions with unincorporate proprietors. Others predict that the will be more separate maintenance suit instead of divorce actions. No conductions have been made yet.

• States Worry—If Congress adopts the income-splitting provisions of the Knu son bill, common-law states will be glasenough to leave community propert alone. But if the federal law stays un changed, states will shift over one bone in spite of the objections. Asid from everything else, they are afraid that if they don't, wealthy citizens will move out and go to community propert areas. One of the things that prompte Oklahoma's change was an exodus of oil millionaires to nearby Texas.

Income splitting or community property would be useful mainly to middle and upper bracket taxpayers. For couple without children, there is nothing to gain by a split if income is below \$3,000. Even at \$5,000 the advantage is only \$38.

• Where It Helps Most—But above th \$5,000 level, the spread widens rapidl (table, page 23). Percentagewise it i greatest at about \$25,000 net incombefore exemptions. The maximum dollar amount of saving, \$23,921, i reached at \$400,000 net income. Afte that, both incomes are in the tobracket. For anyone with an incommuch over \$5-million there is no saving because his tax already is limited by a provision that puts an 85.5% ceiling on the federal levy.

If taxpayers in the common-law states want to blame the present muddle or somebody, the official goat is William the Conqueror. Legal historians say that pre-Norman England had a community property system. The present common law rule came over with William in 1066.

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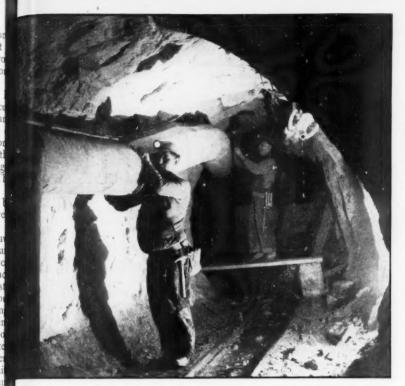
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<sup>†</sup> The cut in some cases will be less in the 12 states which now have income-splitting laws. They may also be less in cases where spouses have already been able to split incomes for tax purposes.



COPPER MINES of Anaconda: A potential Butte boom begins underground

## utte: New Mines, New Life

Anaconda Copper Co. overcomes exhaustion of high-grade by economical means of digging into some 150-million tons of grade ore. One result: a growing housing boom.

ot long ago, a lot of people whisd the rumor that Butte, Mont., was at to become a ghost town. During thriving years, they said, the metaling companies had made the "richill on earth" poor. They had taken it 13-billion pounds of copper, a le of billion more pounds of copper manganese. There were plenty of grade ores left, but they were too msive to mine.

onomical Mining—But Anaconda per Co. didn't agree that Butte was nigh. C. F. Kelley, Anaconda chairannounced a few months ago that company had found an economical to get the low-grade ores. To show he meant business, he unfolded pany plans for a \$20-million expanin Butte. They included a new tete-lined shaft, an electrically in hoist, and all the trimmings.

the group that took Kelley at his was the Butte Development Assn. last week its faith began to pay Demand for houses had grown so that it asked Gov. Samuel C. Ford aw lots for the first four completed. ution—Organized in 1946, the Development Assn. had hired the

George S. May Co. to do a survey on housing prospects. May recommended a program of 500 new houses as a starter. But the association, perhaps remembering that Butte was one of the rare places in the U. S. where you could rent a house after the war, cautiously projected only 31 of them.

Then Kelley disclosed Anaconda's plans—and the association threw caution to the winds. It began boosting its program until now it stands at 1,000 units.

For the association, this is just the beginning. It is already circulating petitions for a \$1-million civic recreation center. New public and parochial schools and a new hospital are on the drawing boards.

• Grass Roots Group—The Butte Development Assn, is unique in its class. With 5,000 members at \$1 a head per year, it goes right down to the grass roots. It's headed by Tim J. Sullivan, president of Sullivan Valve & Engineering Co. Of its 13 directors, seven are members of C.I.O. or A.F.L. unions. One of the C.I.O. men—Dave Reese—is secretary of the association. The other six directors (including Sullivan)

represent business and the public. Anaconda has made land available for the housing project, but has no representative on the board.

In a period of high building costs, the civic group's approach to the housing program is also unique. Through a separate corporation headed by Sullivan, it builds houses on a nonprofit basis. Some of the homes are of frame construction, some of locally made pumice stone block. All sell for around \$6,750-a third less than similar properties in the area.

• Plenty of Ore—Anaconda's engineers told Kelley that there are 130-million tons of hitherto inaccessible ores which can now be mined at levels above 3,400 ft. In terms of fine metal, 20 lb. to the ton, that means something like 2.6-million lb. of copper. What lies below the 3,400 level Kelley won't predict; he knows of at least 20-million tons of similar ore but the engineers haven't measured the full potential.

Butte people don't like the connotations of the word "boom." But they're enjoying the prospect of a brighter future just the same.

#### BARS OFF NATURAL LATEX

Natural rubber latex has been put on the rubber "free list" by the Office of Materials Distribution.

Simplifying its rubber order, OMD knocked off all end-use bars on natural latex except for its biggest single product: the foamed-rubber pad used in auto seat cushions. For cushions, the limit is 66½ natural.

Restrictions were ended on a host of latex-using products that formerly had to be at least one-third synthetic latex. Among them: mattresses, breast forms or pads ("falsies"), shoulder pads, furniture seats and arm rests, rug pads, etc.

Also ended were the rules requiring one-third synthetic latex to be used on the insulation on two types of electric wire ("R" and "Ru")—used widely in building and home construction. Similar rules on "frame wire," used in connecting switchboards to telephone cables, were knocked off.

The new order is a victory for the latex importers who've been needling OMD all along to ease up. Importers claimed the restriction limited the market for natural latex to such an extent that it didn't pay them to bring it in. They couldn't be sure they'd find a market for it here, once it arrived.

Foamed rubber products take up about two-thirds of all latex. Manufacturers are enthusiastic over its wide applications and acceptance (BW-Jun. 14'47,p21). Output of "falsies," for instance, has expanded to several times its prewar scope. Their advantage, said one company spokesman: "They're so natural."

### More Local Taxes

Several cities climb on income tax bandwagon; other communities also add levies. States may have to follow.

More and more cities are slapping on local income and payroll taxes to solve fiscal troubles.

• New Converts-Last week new converts to Toledo's 1% city income tax plan (BW-Apr.26'47,p51) turned up. Biggest scramble to get on the bandwagon was in Ohio.

Dayton's city commissioners went on record as favoring a city payroll tax as the only solution to the city's financial headaches.

Cleveland and Springfield were talking of similar levies.

Columbus already had enacted an income tax, effective Jan. 1, that will amount to a half of 1% on salaries, wages, and corporate profits.

The Toledo tax, however, still has a legal hurdle that could upset all the Ohio projects. The state auditor says he will bring suit after the first of the year to attack the legality of the Toledo program.

• Other Plans-Elsewhere, several cities have found other ways to jack up revenues.

Denver has just enacted a 1% sales tax. The levy, effective Jan. 1, is expected to add \$4.5-million a year to the municipal till; it will boost the amount of sales tax that Denver residents pay to 3%. (There is also a Colorado state levy of 2%

Philadelphians will begin paving two new city taxes on Jan. 1: (1) a mercantile tax-one mill per dollar on retail sales and one-half mill on wholesale sales; and (2) a personal property tax of four mills on the principal of mortgages, stocks, bonds, and money at interest.

Other city dwellers across the nation are wondering how long it will be until they are paying similar taxes.

• More State Taxes?—And there was

news last week of a trend that may mean heavier state taxes in many areas: For the first time since 1940, state government debt is up. The total for 1947 was \$2,950-million, a 25% increase over 1946.

But there is one slight ray of con-solation for taxpayers: Total outstanding debt of all governmental units-federal, state, and local-is down 4% this year from 1946-to \$275.1-billion.

#### ROAD COSTS-NEW HIGH

Highway building costs continued to rise during the third quarter of 1947. This is shown by the composite mile

index of the Public Roads Administration, which has been placed at 142.9 for that quarter. The figure is the highest the index has ever been. It compares with 138.0 for the previous quarter, and with an average of 122.9 for 1946. PRA's index is based upon costs for the period 1925-29, the average being taken as 100.

The work for a composite mile involves: 17,491 cu.yd. of excavation, 3,726 sq. yd. of paving, 16,000 lb. of reinforcing steel, 4,325 lb. of structural steel, and 63 cu. yd. of structural con-

#### VACATION FIGURES

It became clear last spring that U.S. vacationists would make 1947 the biggest year in history. So Boston's Federal Reserve Bank added a recreation index to its list of facts and figures on New England's business (BW-May17 '47,p18).

This week the New England Council released the results of that tabulation. It shows that, as predicted, New England had a record vacation season. And now, for the first time, the area is sure of its figures. Four are based on reports from 400 resort hotels, 600 vacation lodging places other than hotels, and 140 private boys' and girls' camps.

The summary of reports covering the period from May 31 to Dec. 1 shows

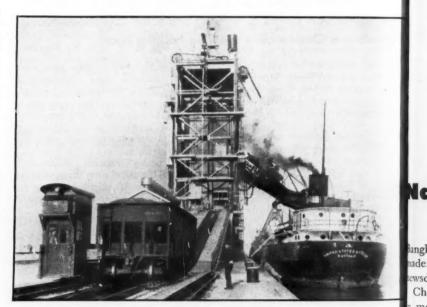
a strong rise in the business of too homes and cabins. But that doe mean that business has shifted from the resort hotels. Instead, it s an increase in the volume of stop and tourists. This kind of business 18% above 1946, while the resort le business showed big advances in oc pancy, but only a 4% gain in recen All types of vacation lodging pl jumped 8% above 1946.

#### WILLYS SHELVES SEDAN

Last week Willys-Overland shelve temporarily at least-plans for a l weight four-door sedan (BW-Oc '47,p38). President James D. Moo said that the move was made becaused tooling costs are so high and been present utility models are selling so v

Plans for the sedan called for a l in, wheelbase, and a weight of 2,600 It was conservative in design and terned somewhat after light Europ cars. Willys thought this feature wo keep the company from getting tang up in the stiffly competitive four-de sedan market.

But shelving the proposed sec doesn't mean Willys is giving up pla for boosting output. Mooney says company expects to make nearly more autos in 1948 than in 1947. I merely sticking to its successful mod while they are going like hotcakes.



### Big Pickup for Fast Coal Delivery

Down the chute at Baltimore & Ohio R.R. Co.'s new coal dock goes a new carload of coal every minute. The fast-acting \$4-million dock at Lorain, Ohio, had its test workout this fall just before the lake froze over, will be ready for next spring's shipments. One of the two piers has an electrically oper-

ated dumper that can pick up a 70-1 loaded coal car, dump its contents via chu straight into the freighter. Then it au matically returns the car to the "empt yard. Electric pusher locomotives shove t car up the ramp; gravity and electric retarders ease them down again.

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## Name your home-town paper!

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## Greenhouse Heating with Steam

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In Tropic Gardens Greenhouse, Quakertown, Pa., Webster-Nesbitt Unit Heaters supplement pipe coils under greenhouse beds, equipped with Webster Manifold Coil Orifice Fittings.

An interesting feature is the night operation of Webster-Nesbitt Unit Heaters during snowfall, keeping the glass free of snow and avoiding a snow removal operation.

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## AVIATION

## Cause of DC-6 Fires Found

Gasoline being transferred between tanks leaked out a into the pressurizer air intake, was ignited by the heater. Safe changes are being made; planes will be flying again in two mont

The DC-6 airliners, grounded since Nov. 12 after two fires in flight, may be back in service by February. Some of the 93 airline-owned DC-6's will go back to the Douglas plant at Santa Monica, Calif., for safety changes. Others will be modified by the airlines themselves. How much of the bill Douglas will pay remains to be worked out with its airline customers.

• Cause-A joint investigation of the DC-6 is being made by technical representatives of the Civil Aeronautics Board, Civil Aeronautics Authority, Douglas, and the airlines (BW-Nov. 22'47,p36). They report the cause of both fires to be:

Gasoline being transferred from one tank to another seeped out through the tank's air vents. It flowed back along the plane's belly, was sucked into the cabin pressurizer air scoop, where it was ignited by the cabin heater.

• Changes—Douglas and the airlines will move the overflow gasoline vent, so it won't be possible for it to enter the air scoop. Other adjustments of

a minor sort are being made. CAB is now holding hearings on the fires; they may result in further rec-

ommendations for changes. Meanwhile, the airlines that own most of the DC-6's-American and United-are taking considerable losses

in revenue, depreciation, and maintenance on the voluntarily grounded fleets. The two lines are flying from 75% to 80% of their normal sched-

 Suggestions—Some possible methods for aircraft fire prevention in future years have been suggested by another source-the National Fire Protective Assn. It is a nonprofit organization set up by many interests who want to cut fire hazards. Among the sponsors: insurance men, airlines, aircraft manufacturers, aviation associations, and government agencies. N.F.P.A. suggests:

(1) Direct fuel injection (instead of carburetors, which permit backfiring).

(2) Trick mounts which would enable the pilot to drop a burning engine in flight-84% of fires start in the powerplant zones.

(3) Nonflammable lubricating oils. (4) Increased airflow through exhaust stack shrouds, to reduce temperature (the stacks are engine hot spo (5) Replacement of present

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flash fuels with solid or high-flash fu which resist burning in free air. (6) An inactive gas to fill vacant f tank space as the fuel level goes do (to reduce the amount of oxygen in empty tank space, cut the likeliho

of the fuel's ever igniting). Applications—The aviation indus is aware of all these possibilities. I injection has been used in Europe years; here, too, on a small scale. N flammable oils and high-flash fuels being developed but with small pr



#### GEAR TAKES TEST TUMBLE

Crashing down between 40-ft. steel towe an airplane landing gear gets a stiff test ts pict Lockheed Aircraft Corp., Burbank, Cal The wheels are spun backward before t gear drops, smoke as they hit the concre base. Tons of lead above the gear simula the plane load. Metal straps between tow tops and landing gear duplicate the win lift. Lockheed looks for lighter, strong landing gear to result from these tests.

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ects of early success. All the other poposals are feasible, with varying derees of difficulty.

Of course, all public-carrier aircraft heady have scores of fire-prevention entures. And all have fire-fighting systems: both hand extinguishers and will-in plumbing from a central reservir of fluid to zones of possible fire. Actually, few aircraft accidents are riginally caused by fire. But of course is one of the biggest hazards in cridents started by other causes. Landings—Some of the air-safety ex-

Landings—Some of the air-safety exerts are worried about fires which may break out if a plane crashes on inding. Most airports in this county, one safety engineer declares, would are little chance of controlling such

nont

a fire. Reason: Maintenance of trained fire-fighting crews is very expensive. Where airports are municipally operated, airlines and cities have been passing the buck back and forth.

#### FLIES IN THE OINTMENT

Man's ability to fly through the air with the greatest of ease at over 500 or 600 miles an hour may well be thwarted by the common housefly.

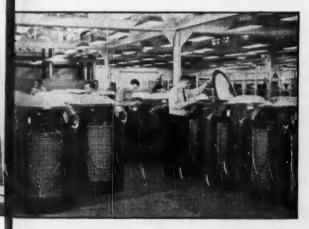
Sidney Goldstein, top British researcher, acknowledged this sad fact this week. He delivered the Wright Bros. lecture before the Institute of Aeronautical Sciences meeting in Washington. Discussing British experiments on high speed flight, he soberly reported that "the flies, on hitting the surface [of the wing], disintegrate and are found in the form of parts of the flies' bodies stuck to the surface with a particularly potent glue." The ensuing rough surface raises drag by from 50% to 100%.

Up to March and early April the British got around the fly problem by flying before 9 a.m. But with warm weather they had to cover the test wing section with paper, from which a loop of string led to the cockpit. When the plane reached a 5,000-ft. altitude—above which flies don't fly—the pilot pulled the string. This split the paper, which was carried away by the wind—leaving a nice clean surface.

New excuse for being late: "I hit a



oodyear Tries Its New Plane . . .



. . As It Tests Aluminum Houses .



### Turns Out Metal Juke Boxes . . . . . Makes Caskets for War Dead

bodyear Aircraft Corp. makes all the prodts pictured above. But just looking at tm, you might not guess it, offhand. For si quite a diversity of creatures. At the ar's end, that's the way it had to be. Like her war babies, the lusty subsidiary of sodyear Tire & Rubber Co. in Akron and the choice of diversifying or throwing the sponge. Aircraft had been such a bouncing baby that the company hated to see it go.

So it explored hundreds of projects, from baby carriages to streamlined aluminum trains, looking for products to which its war tools—and skills—were best adapted.

Result: continued work on aircraft—witness its three-place amphibian now flying about the country to test public reaction.

Further results: experimental houses of aluminum; a contract for aluminum juke-box cabinets.

Payroll figures indicate that the program is paying off. Goodyear Aircraft's war peak was 35,000 employees; it fell below 2,000 right after the war. Now there are more than 3,500 on the job. And the company is in the black again after a 1946 deficit.

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### COMMODITIES



BLASTING at the National Lead Co. n in Tahawus, N. Y., yields ilmenite ore much-needed titanium

## More Titanium?

Processors act to increas their sources; but pinch in plat capacity will keep custome from getting all they want.

Manufacturers who have been clar oring for titanium dioxide think relief in sight-not tomorrow, though. Tita ium, or TiO2, is the whitest paint p ment base known. It's also in big mand for the making of enameled pro ucts, paper, rayon, plastics, rubberiz goods.

· New Sources-Here's what the fo American processors are doing to bols sources of titanium:

National Lead Co. this week nounced a 50% expansion of ilmenite mining facilities in Norwa (Titanium is made from ilmenite or This is the second expansion of company's Norwegian ore sources sin the end of the war. Added to what gets from its mine at Tahawus, N. in the Adirondack mountains, this pansion will make National Lead ind pendent of other sources for ilmen

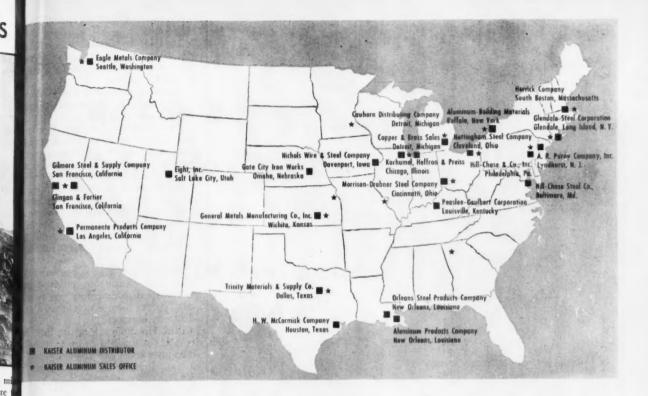
E. I. du Pont de Nemours last we got a long-term lease from Florida state-owned ilmenite-bearing lands the north central part of the state. The source will produce enough domest

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ore to end du Pont's dependence on eign sources.

Du Pont says it already ha deta studies under way for installing eq ment for large-scale mining coerast of the Florida ore.

American Cyanamid Co. (Calco) erates a mine in Virginia, but depe on India for some ore.

The Glidden Co, has a mine North Carolina that makes it pra cally independent of foreign sour • Indian Supply-Traditionally, a part of the world's ilmenite comes tiny Travancore in southwest India. though some ore is coming in India now, shipments are irregular uncertain. For instance: Imports for first 10 months of 1947 were only 3 642,000 lb., against 437,246,000 lb. calendar 1946.

Although all the companies h been using Indian ore, political un in India has made future supply un tain. As yet there is no embargo on

dian ore, however.

• Price Up-Prewar ilmenite from In cost \$11 a ton laid down in the I The price today has climbed above a ton. Price is higher than last for Indian ilmenite, but American of panies have not quit buying.

Processors, however, are emph that more ore alone won't cure shortage. Another big pinch is p capacity. All four American process have been operating at full load the end of the war, are still behind orders. Some allocate titanium to customers, but take on no new o • Production Up-Between 1927 1937, productive capacity in the U was multiplied 20 times. Between 1 and 1947 it was increased another th and a half times, despite wartime bu ing restrictions.

All companies but Glidden eit have expanded recently or have exp sions now under way. But none can an early end to the titanium shorts When the country catches up on housepainting, there will be other

mands for TiO2

• Other Uses-Processors then will able to divert more titanium into pa manufacture. TiO2 adds an opa quality to paper that makes it impo ble to see the print through a pa Thus many magazines could redu both mailing and paper costs by us lighter weight paper stock. Other pructs waiting for titanium: ename stoves, pots, pans, refrigerators, plasti white-wall tires, bathing caps, rubl linoleum, welding sheeting, Titanium is used also to deluster ray

Regardless of how much domes ilmenite American processors can up, they plan to go on buying ore from India—if available. They just don't wa to have to depend on a source so away-times being what they are.





• Your head electrical man—don't overlook his counsel in your cost-reduction huddles. Here's why—

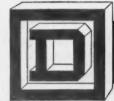
During recent years, thousands of electrical systems have been operating under abnormal stress. They have become overloaded and unreliable . . . poorly located or improperly applied in relation to present needs. They have increased production costs—plenty.

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## Pepper Supply

No real break in price se by trade; imports expected to f short of 15,000 tons needed meet U. S. demands.

The price of pepper has fluctual sharply since 1939-mostly up. T wholesale price at its lowest in 1939 4é a lb.; it climbed to 80é in 1946. E. this month the price stood at 57¢ a This week the arrival of pepper fro India sent the spot price down to 4 • Backlog Low-What Americans expect to pay in 1948 depends on h much pepper U. S. processors can their hands on. Right now there is enough in warehouses to give American pepper users a light sneeze: less t 100 tons. This compares with a 19 stockpile of 50,000 tons.

Also our main source of pepper been shut off. Before the war Lampo pepper from Sumatra filled the ent U. S. demand of 15,000 tons a ye The Sumatra plantations that produc 40,000 tons annually are believed have been neglected under the Japan occupation. Right now no pepper coming directly from the Dutch E. Indies and only a trickle is being smu gled out through Singapore.

• Supply From India-For the bulk its supply, the U. S. will have to depe on Malabar pepper from India. At be the Indian crop will reach 20,000 to Of that, at least half will be used India. We'll have to bid against H ropean markets for the rest.

How much Indian pepper will rea U. S. processors is uncertain. The me optimistic figure is 10,000 tons, again a bearish forecast of 4,000 tons.

· A Hand-to-Mouth Basis-Meanwhi U. S. processors are running on a han to-mouth basis. McCormick & C Baltimore, one of the nation's large processors, says its production this v will be way under normal. Usually, N Cormick's output of bulk and packa pepper runs from 1,250 tons to 1,5

Operators in the futures market the pepper price is firming up and thir that supply will be short enough spring to push the price up, rather the down.

• No Price Break-More Indian pepp is on the water now, and the new cr will begin arriving here in January. will continue to come in through March. Although the arrival of no shipments may send the price dov temporarily, most pepper men don't pect any real break in price in 1948.

However, an unexpected arrival pepper from India-or Sumatra-cou send the price skidding.

"What a lot I owe to Panelyte," said the

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Many a lucky family revels in strawberry shortcake in the dead of winter — made with big red beauties picked in June, right in the home garden. The miracle that makes this possible is a home freezer. And in most home freezers you'll find Panelyte.

That's the trade name for the plastic manufactured by St. Regis Paper Company. It's mass produced by hot pressing fibrous sheets of paper impregnated with synthetic resin. There's nothing like Panelyte for lightness combined with strength... and for insulation. It's in demand in many fields: radio, aviation, automotive, as well as refrigeration — mechanical refrigerators and home freezers. In fact 88% of all refrigeration units have Panelyte inner doors, to do a noble job of keeping foods fresh, tempting, healthful.

There's Decorative Panelyte too, for the tops of tables, bars, and any working surface in the kitchen. It's lustrous, smartly patterned and colored, proof against stains and cigarette burns.

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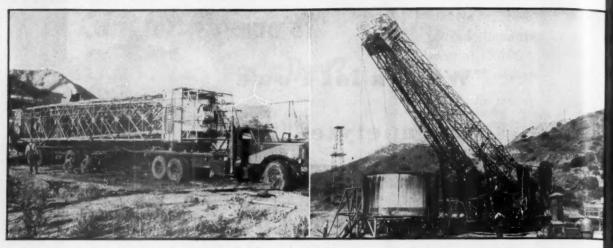
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## PRODUCTION



1 READY TO GO: Shell's new portable derrick telescopes into a compact package, 63 ft. long, for legal highway travel

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## Wanted: More Oil, Lower Cost

Shell Oil Co. looks to new oil-field devices backed up by expanded research, to help cut spiraling exploration and production costs, and to help get more oil out of existing wells.

Today's all-out demand for petroleum products has given the industry's engineers and technicians plenty to worry about. In the face of rising costs, they must figure out both more efficient oil-spotting techniques and ways of getting more oil and gas out of existing wells.

Shell Oil Co. is spending a lot of money and manpower on such problems. To cut drilling costs, Shell engineers have devised a \$250,000 portable rig shown in the pictures on this page; it is expected to save about \$5,000 per well. To improve discovery and exploitation methods, Shell has just opened a \$1.3-million laboratory in Houston (picture, page 43).

• New Portable Rig—Every well derrick is movable in the sense that it can be dismantled and moved to a new location. And mobile derricks are not a new idea. But Shell's rig is unusual. It packs more horsepower than conventional mobile units, can go down as far as the drill pipe will hang together. Shell technicians place its depth rating at 10,000 feet. That's important today because oilmen have to dig deeper and deeper. Another advantage is that the new rig can be telescoped and moved in a matter of hours instead of days.

Since obvious drilling sites have been thoroughly exploited, every new trial site means a longer gamble today, with lots of tries before a productive well is struck. It costs from \$15,000 to \$60,000 to dismantle and move a conventional rig. So the new device will save plenty in that way alone.

• Cost and Time—In addition, the new unit has operational improvements over usual designs. Shell engineers hope that these will save expense and time.

Heart of the new rig is an 18-ton, 123-ft. derrick, which can telescope to 63 ft. Mounted on a truck, the derrick is lifted into position by electrically driven hydraulic rams. The power plant consists of three 12-cylinder naturalgas engines and generators. Mounted on a semitrailer is the drawworks—the mechanism that raises and lowers drill pipe. Working with Fruehauf Trailer Co., Shell engineers got every piece of equipment on its own wheels except the drawworks, derrick, and drilling bases.

• Probable Savings—Conventional rigs of similar horsepower cost \$185,000 against the \$250,000 cost of the Shell unit. Savings in drilling should make up the difference. But if they don't, the speedup in well completions should justify the cost.

Shell's new rig is the first of a series. The company sees a big need for such a savings program: Before the war, the cost per well in one field was about \$45,000; the same well now costs \$125,000.

• Laboratory-Shell's long-term venture in cost savings and efficient oil ex-



READY FOR WORK: The derrid 123 ft. high, can drill 10,000 ft. de

hitation is its new laboratory in Flousn. It is now ready to go into fullale operation. This new "brain-cen-" is seeking ways and means to reace the "doodle-bug" of old-the oil

rospector's divining rod.
The laboratory will be headed by Dr. larold Gershinowitz. Research will be med in two main directions: (1) new avs of looking for oil; and (2) better ays of getting the oil out of the ground. The first phase will be under Dr. M. King Hubbert; the second under J. P. Murphy.

Mutual Help-Shell researchers beeve that the problems in both of the sic aims are closely related, and that search in one can help the other. lence, they have not split the re-earch division into two separate deartments (the usual method). Instead he division has three sections that ork closely together—chemical, physial, and geological. Radar and ultrahigh-



ESEARCH CHIEF at the Houston laborary is Dr. Harold Gershinowitz

requency equipment will be among the tools used

The new building, designed and erected by the Austin Co., will have a staff of about 150, working with the latest and newest equipment. Figuring that such research is going to grow more and more over the years, Shell has designed the laboratory for easy

### Polaroid Unveils New Movie Color Method

Color movies are as commonplace as the corner theater. But two big bottlenecks still slow production. They are: (1) shooting the pic in color, (2) printing the color film from the color nega-

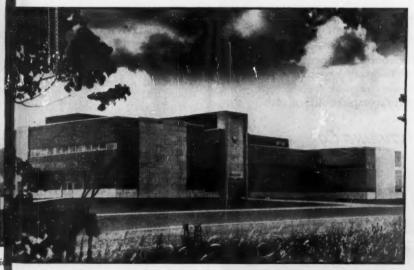
Both of these steps take time; both

use involved equipment.

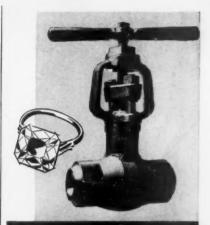
• New Method—In the past year, Polaroid Corp. has been delving into all kinds of photographic equipment in its research laboratories (BW-Mar.1'47, p40). Tackling problem No. 2, the company has now come up with a new time-saving way of printing movie films in full color. The first commercial outcome of the process was released this week: a one-reel, 35-mm. cartoon, from Paramount Pictures Studios.

Inventor of the process is William H. Ryan, a Polaroid research engineer. Ryan says his method prints colors on a single layer of black-and-white film from conventional color separation negatives. The process shortcuts many of the steps now used in printing color films. What's more, there is nothing special about all the film materials, chemicals, and processing agents used; they are all commercially available.

• Standard Equipment-The Polaroid people haven't unvoiled all the details



BRAIN CENTER for Shell oil operations: new research laboratory at Houston, Tex.



#### Never wears out!

Why should anyone install any other valve when Hancock 1500# and 2500# WELDVALVES last longer than the lines or boilers?

With valve failure eliminated, think of the savings! No shut-down for repairs! No new valves to buy and install!

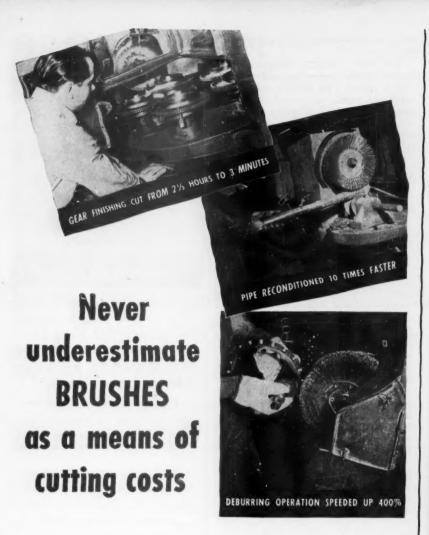
The seats and discs could be made of diamonds—so surely do they defy time, wear and difficult working conditions.

In addition to lifetime service, this valve saves incredible weight and space. Two body sizes only take care of all pipe sizes up to 2".

Write for a circular which gives full details of Hancock WELDVALVES and enables you to estimate the overall economy of installing themand forgetting them thereafter!

Stocked and sold by leading Distributors HANCOČK MANNING, MAXWELL & MOORE, INC.

WATERTOWN 72, MASSACHUSETTS



REMOVAL of excess material, cleaning, finishing, roughing—these basic jobs, and their many variations, are where Osborn brushes can save you man hours and speed up production. Some of the jobs are large, some are small, but if brushes are fully utilized on all such operations in any one plant the overall economy resulting will definitely improve the cost picture.

How can you be sure that you get the best results with brushes? That's Osborn's job. From their complete line of industrial brushes and wide range of experience you are certain to get the right answers to your specific production problems. Write today for complete information.

THE OSBORN MANUFACTURING COMPANY
5401 Hamilton Ave. Cleveland, Obio



WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

of the process yet. But one claim advantage is that films can be de clop in standard movie-film-processin, equiment. This, plus the use of standafilm, Polaroid claims, makes its coprocess fairly cheap alongside convetional methods.

The new Polacolor films can shown in standard movie-house projectors. The films' soundtrack is expose and developed in the same way as the on black-and-white movie films.

• More Planned—Polaroid now hoperating one complete unit that of turn out some 4-million feet of film year. The company already has pla for more units. Polaroid people are a talking over methods of licensing the process to the film industry. As yet the have reached no decision.



#### FOR FIRM FOUNDATIONS

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Soft, marshy areas can be converted firm foundations for buildings by vibil tion. Baldwin Locomotive Work Eddystone, Pa., recently completed machine—a vibroflotator—which do just that. It looks like a rocket. Actual it contains a special General Electimotor that drives a 13-ft. unbalance eccentric shaft to produce a centrifug force of 20,000 lb. The shaft is carrion SKF bearings, turns at 1,800 r.p.a Water is forced through the cone-list structure at the bottom, where it comout in spurts.

The over-all effect is to cause the loose earth particles to float, and to paint a solid mass.

The machine, now under test, capack a 100-sq. ft. area into solid ear to any decired depth up to 100 ft. each application. It weighs 2,500 lt can be attached to any standard construction crane.

## EW PRODUCTS



#### II-View Crane Cab

A new crane cab is built with Plexis-a transparent acrylic plastic—to be the operator a full view of the rking area. Harnischfeger Corp., 4460 (est National Ave., Milwaukee 14, anufactures it for installation on its mes. The operator's seat is on a platme which extends from the front of e cab. Slanted sides give maximum ion of the floor area covered by the me.

The pipe-like control levers are in nt of the operator, but they are signed to present a minimum obuction to view.

As a safety measure, the cab's doors must be opened unless the main line itch is in the "off" position. The per part of the cab inclosure swings on for cleaning or ventilation.

Availability: August, 1948.

#### pecial Valve

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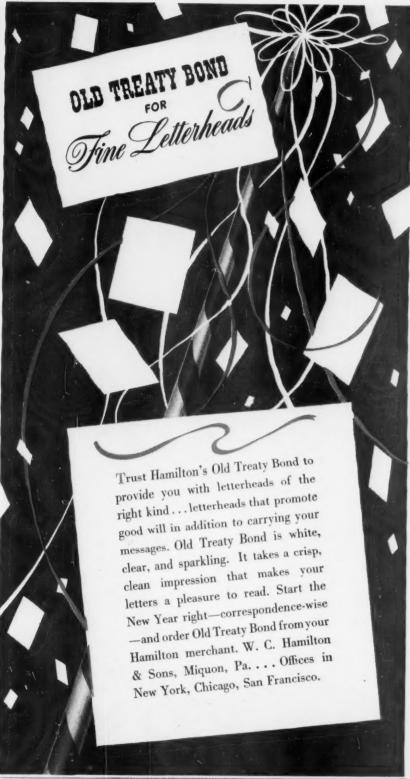
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Valve leakage can often be traced to broded packings around the valve tm. To wipe out this deterioration, villiam Powell Co. has designed a new live. It completely seals off the packing material from corrosive gases or quids in the pipeline.

A metal bellows around the lower art of the valve is welded to a disk at a bottom and to a collar at the top. his collar protects the packing from mact with pipeline fluids. The belws, in turn, shields the valve stem.

The bellows is made by welding tother metal disks alternately at their ner and outer circumferences. There reportedly no danger of fatigue failin the bellows metal. The valve is



## HAMILTON PAPERS





CONTAINERS



#### General BOX COMPANY

GENERAL OFFICES: 502 N. Dearborn St., Chicago 10, III. DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati, Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, New Orleans, Sheboygan, Winchenden, Natchez. Continental Box Company, Inc.:

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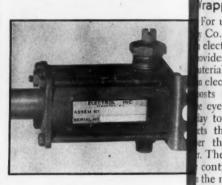
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made in nickel, steel, or any otl weldable material. It can be had fro the manufacturer at Draper & Coon Sts., Cincinnati.

· Availability: four months.



#### Automobile Gadgets

Three new automotive devices are signed for easier and safer driving: A brake control developed by Election Inc., 85 Grand St., Kingston, N. Y. said to prevent rolling on grades creeping when the car is stopped level stretches.

The device-called RolControl-op ates electromagnetically, fits into car's brake system immediately beh the master brake cylinder. W switched on, it holds pressure on brakes until released by a fingertip sl on the gear-shift lever.

The unit comes complete with wir and tubing, a dashlight indicator, a plastic knob for the shift lever. wiring circuit passes through the ig

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25 years' experience in

designing better con-tainers for all industry,

m switch. Thus the control cannot be the on by accident when the car is ked. The dashlight indicator shows while the unit is in actual operation. Electrol says the unit cannot stick. bber seats prevent its valve from gging in an open position.

An electric throttle holder works from pushbutton, keeps cars cruising at w set speed. It has two automatic ety releases that throw out the conwhen either the brake or accelerator used. The brake release operates eleccally through the stoplight circuit; the celerator catch is worked by the ing on the foot pedal. Maco Corp., ntington, Ind., is the manufacturer. Curbstone scrapes that mar fenders d white wall tires can reportedly be evented by an electric curb signal ade by WSW Mfg. Co., 68 E. range Grove, Burbank, Calif. The vice has two 4½-in. coils which are ounted on the bottom edges of the ont and rear fenders. They extend at right angle from the fender surface. ires from the coil run through the nition to an electric buzzer. When signal coil touches the curb, the zzer sounds, warning the driver that ere are only 4½ in. of parking clearce left (the distance from fender edge Availability: immediate for all items.

#### Vrapper Control

For use on packaging machines, Rip-Co., Inc., Middletown, Conn., has electronic control that automatically ovides proper register for wrapping aterials. The control has a scanner electric eye), and an amplifier which osts the electrical impulse given by e eye. This impulse goes through a by to the register control which corets the position of the label whener the wrappers slip out of regisr. The scanner sights particular colors contrasting areas of light and dark the moving packaging paper. The control is said to be highly sen-

tive, handling low-color contrasts with cas as small as .015 in. Operation rate 750 wrappers per min.

Availability: immediate.

Vinyl plastic floor covering is "stain, ar, and flame resistant." Made in a nge of colors and marbleized patterns Goodyear Tire & Rubber Co., ron, Ohio.

Hercules Motors Corp., Canton, hio, has added six new diesel engines d two gasoline models to its line of

Synthetic wax ingredient reduces the ckiness of chewing gum. Made by yeo Products Co., Inc., 26 Court

Brooklyn 2.



# Modine is a BW advertiser is a BW a

One of our oldest advertisers in the structural field is the Modine Manufacturing Co....15 years, to be exact. Objective to reach management... men who buy. Sixteen other firms in this group (electrical equipment, air conditioning materials, fixtures, systems) have been consistent users of Business Week for 10 years or more.

During the first six months of 1947, this group placed \*228 pages of advertising in Business Week...four times as many as the average in the other six leading general business and newsweekly magazines.

Why? Because Business Week offers the advertiser a higher concentration of Management-Men readers...the executives who influence and make buying decisions. The advertiser of goods and services used by business and industry gets a minimum of waste circulation...his advertising dollars spent in Business Week "work harder."

BUSINESS

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WHEREVER YOU FIND IT, YOU FIND A MANAGEMENT-MAN...WELL INFORMED

\*Based on Publishers' Information Sureau analysis.

# A Wealth of **NEW IDEAS** Awaits YOU Here

Foremost event in the Air Conditioning field. Over 350 displays of latest ideas for conditioning air in all types of buildings, homes, and industrial plants. Under auspices of American Society of Heating and Ventilating Engineers.

Be sure to attend and bring your associates



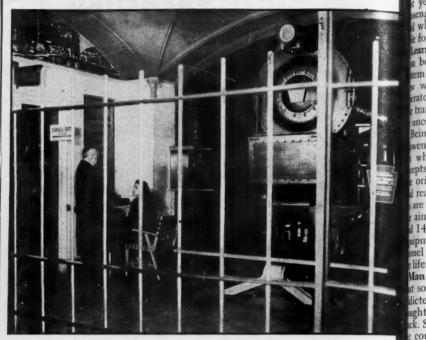
### Management International Exposition Co.



Subscriptions to BUSINESS WEEK are solicited only from management-men in business and industry. Position and company connection must be clearly indicated on all subscription orders.



# MARKETING



BIG ENGINES like the original of this 12-ft. high model are scaled down to make . .

# **Model Profits**

Lionel Corp.'s train sales climb to new highs. Key: clever marketing, gadgets that appeal to youngsters-and oldsters.

The toy business went better this Christmas than last-at least as far as good-quality toys are concerned. One of the companies whose shrewd marketing and publicity methods tied it into this trend is the Lionel Corp., makers of model trains and railroad equipment. A kneeling horde of fathers has been celebrating Christmas with Lionel trains-a gift they presumably bought for their sons.

• Schemes . . . - Joshua Lionel Cowen (who gave the company his middle name) sees this year's record sales encouraging other ideas which swarm in his inventive mind. As chairman of the board, his mechanical urge fits snugly with the financial acumen of his son, Lawrence, the president (cover). Together they cook up the sales schemes which have made Lionel Corp. a leader in the model railway industry.

A Lionel publicity release pointed out that in several years the company's net earnings were greater than those of Baldwin Locomotive.

. . . Build Sales-Lionel's 1947 sales are 20% ahead of 1946's. Its retail volume is expected to top \$23-million.



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. MIDGET FLYERS under the watch eyes of Lionel's chairman Joshua Lion Cowen (left) and Arthur Raphael, executive vice-president

Louis Marx & Co., A. C. Gilbert Co. and a score of smaller competitors con bine with Lionel in total annual reta sales of over \$37-million. For the ye ending Mar. 1, 1947, Lionel's net i come was \$1,166,000 or \$6.48 for ead of 180,000 shares. In addition, t company has some \$5-million wor of assets.

This year's dollar voiume was not

of higher prices. In many cases, year's prices were cut. Three-car senger trains (complete with smoke whistle) range up to \$65, comparfour-car freights to \$70.

carning by Play-To many an Amerboy, Lionel's new remote control is an open sesame to the wide world of electronics. The young rator can, by pressing buttons, make train whistle, start, and stop, couple meouple cars, load and dump coal. Being an engineer, Joshua Lionel wen has no patience with toy buildwho believe that a child's mind epts playthings that don't look like originals. He goes in for precision realism. Admittedly his midget flyare not for the very young. His sales aimed primarily at kids between 7 114. If the devotee is still collecting ipment after he passes 15, Joshua el figures that he has him hooked

Man and Boy-The Cowens estimate t some 5-million boys (and men) are dicted to their products. They have aght over 12,000 miles of Lionel ck. Since this equipment is expensive, e.company promotes the building of manent model systems by clubs. here are over 10,000 of these hobby

operatives. Banks and commercial and industrial cerns encourage employees to ornize such clubs. Participants like to friends. Some of the more elaborate systems, with their scenery, towns, and trackside installations, cost tens of thousands of dollars.

Snobs in the field are the prosperous business and professional fans who own large outlays. These are the "full-scalers" -grown-up enthusiasts who use complex equipment. Rochester, the Negro comedian, is in this class. So is a nephew of the late Tom Mix; he spent \$8,000 with Lionel and leased a special building for his layout.

Some graduate into the amusementpark type of engines and cars, big enough to carry passengers. A kindred sect of sentimentalists takes over and runs full-scale short lines orphaned by their original owners.

• Big Roads Cooperate—The railroads and builders of full-scale rolling stock pamper these groups (especially Lionel) for their goodwill value. Baldwin, American Locomotive, American Car & Foundry furnish Lionel with blueprints, The New York Central and Pennsylvania have provided most of the designs on which Lionel bases its engines.

Railroads don't pay in anything except cooperation for the promotion Lionel provides. But outsiders do. Sun Oil and Baby Ruth buy space for their names on Lionel cars. Bucyrus-Erie, Cutler-Hammer, Timken, have also paid Lionel for putting their names on model equipment.

Lionel overlooks no source of revenue



### Varm Customers: Warm Relations

cup of cheer-on the house-warms up arly morning shoppers these winter days in ohn Taylor Dry Goods Store, Kansas City. he store serves hot coffee from the employees' cafeteria in the outer display lobby. Richard Roth, company president, thought up the idea when cold weather started, plans to keep serving coffee till spring.



### Senator H. F. Byrd Stores 425.000 **Bushels of Apples with**



### Refrigeration and Air Conditioning

Harry Flood Byrd, former Governor of Virginia, who is doing such a tremendous work for national economy

in the U. S. Senate, is also the largest individual apple grower in the world.

The Berryville Plant is 192 Ft. Long, Charles Town, 400,

Apples are Cleaned, Graded and Packed with This Equipment.



One End of Air Conditioned Storage, Charles Town.



Ten years ago Sen. Byrd built a 100,000-bu. apple storage at Berryville, Va. This year he completed a 325,000-bu. storage at Charles Town, W. Va.

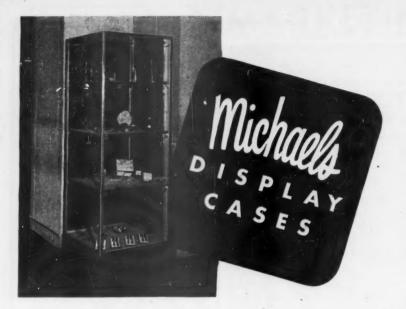
Both are equipped with Frick Refrigera-tion. The new storage includes the latest in air conditioning, and is under full automatic control.

You get the most dependable, as well as the latest, when you specify Frick refrigerating, icemaking, or airequipment.



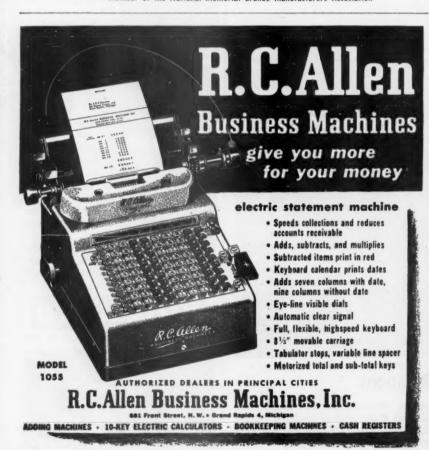
rick Refrigerating Machines at the Byrd





Your displays will get plenty of attention in Michaels Time-Tight Cases, because the cases themselves are unusually attractive. They are made of bronze or aluminum with plate glass throughout, and equipped with Michaels' exclusive innerlocking feature. Cases are dustproof and theftproof, and available in a wide variety of standard styles, sizes and lighting arrangements to meet every requirement. Michaels also manufactures special cases in any quantity for manufacturers who supply their dealers with display cases. Literature will be sent on request.

THE MICHAELS ART BRONZE CO., 230 Scott St., Covington, Ky.



is found in its printed promotion. Fa usually pay 10¢ for the Lionel catalor. This year the company put out a 2 package. It contained, among oth things, suggestions for track layou plans for accessory buildings, metho of organizing and financing clubs, also included a tiny phonograph reconstruction of the contained the property of the contained that the contained the contained that the cont

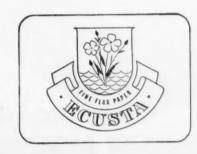
Entrance to the Lionel showroom New York is like that of a railway s tion. The visitor is faced by a 12front-end model of an engine donate by the Pennsylvania R.R. The door lea ing to displays is marked like a gate passenger train tracks. Often, a chee ful, chunky little man explains t workings of the huge central miniatu railway to big-eyed youngsters. He loo like a Santa Claus without the whisker This is Joshua Lionel Cowen, himsel • Gadgets to Trains-The elder Cowe started making things as an outlet creative impulses at the age of 18. H first project was a fuse to ignite ph tographers' flash powder. Later worked on a dry battery and flashligh But difficulties of manufacture, plus chaotic patent situation, irked him that he gave the whole business to on of his salesmen. The salesman died the 1920's, leaving \$15-million to cha ity. His name was Conrad Hubert an his wealth came from the Everead flashlight, a descendant of Cowen product.

A small motor which J. Lionel builto run an electric fan became the motive power of his first traction mode By late 1900 he was building electric locomotives. The now-familiar can semaphores, bridges, switches, and othe incidentals came along later in sequence.

• War Work—The precision with which Lionel products were assembled resulted in contracts for ship compasses and compensating binnacles during the first World War. In the last war the company made over a hundred war item (including compasses and binnacles) it its new plant at Irvington, N. J. Her 2,000 employees have since turned their skills back to making the original line.

The Cowens are too inquisitive to shut out good ideas just because the don't run on wheels. In 1940 the company introduced a chemistry set fo juveniles. This year it has a construction set that makes many kinds of toy machines as well as weird angular figures of men and animals. If the Cowens un cover anything else as good, they'l adopt it too. But Lionel executives want that such deviations don't mean they have lost faith in the model railroading hobby.

# Ecusta Papers Make Messages Look IMPORTANT



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LINEN-FLAX WRITING

FINE FLAX AIR MAIL

FLAX-OPAKE BIBLE AND PRINTING PAPERS

BOXED TYPEWRITER PAPERS

Ecusta Paper Corporation

PISGAH FOREST, NORTH CAROLINA

the new

THE WORLD'S FASTEST The Clary is faster because it operates on a new electromotive principle. There's less up and down, back and forth motion to this modern adding machine. The Clary is driven electrically by rotary motion. It prints by rotary motion. Rotary motion makes it the fastest adding machine in the world...by actual tests,

as much as 48 per cent faster than other adding machines!

adding machine does more work with less effort

EASIEST TO USE The Clary does away with unnecessary hand

motions. Fewer motions mean greater accuracy. With a Clary, the chances of a mistake go down as speed goes up. The keyboard arrangement lets your hand stay in one basic position. The extra Thumb Add-Bar and any numeral key may be pressed at the same time ... eliminating at least one operation every time an item is entered. With the Clary, one operation often takes the place of three or four operations on other machines.



Let your thumb do the adding. With a Clary, your hand stays in one basic position for all operations. The Thumb Add-Bar, supplied only by Clary, makes for easier operation...Faster...Surer...And with greater accuracy.

WHAT THE NEW CLARY MEANS TO YOU The extra add-bar, the hand-size keyboard, PLUS speed with ease of operation, lets the new Clary do your work with less effort and with greater accuracy. Before you buy, be sure to try the new Clary.

CLARY MULTIPLIER CORPORATION, Main Office and Factory 1526 N. Main St., Los Angeles 12, Calif.

BW 12-27

SALES OFFICES: Clary Factory Branch Offices of Dealers are located in principal cities. If our representative is not listed in your phone book, write or



CLARY MULTIPLIER CORPORATION, 1526 N. Main Street, Los Angeles 12, Calif. TELL ME MORE about the FIRM

new Clary. Please send me your latest folder telling how the Clary saves time for adding machine oper-ators. No obligation, of course.

# Auto Parts Fight

Car-wrecking industry broke into market during war now wants to keep a \$100. million business.

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The auto-wrecking industry picked up a good chunk of the replacement parts market during the war. Now it's faced with a fight to hang onto it fo the output of both independent parts makers and new-car manufacturers easing the new parts shortage.

But last week leaders at the fifth an nual convention of the National Auto Wreckers Assn. in Chicago predicted the industry would do better than \$100million of business in 1947

 Moved Uptown—N.A.W.A. officials boast that the auto-wrecking industry moved uptown during war years from its prewar status as a junkyard operation They point out that many auto wreck ers have also become wholesalers and dealers in used and rebuilt parts. Some wrecker-wholesalers are doing a big ex port business to South America and the Far East. They have been major buyers of war surplus auto parts, which gives them a big parts backlog.

Trade leaders say that about 16,000 firms are listed in the industry, but 90% of the business today is done by 750 major firms who are also rebuilders and wholesalers.

• Entry in Field-Wartime demand for every automobile that could be kept running cut into the auto wreckers' source of materials. Meantime, the de mand for parts to keep old cars running skyrocketed. But the auto wreckers dili gently hunted up parts, and strengthened their foothold in that business Also they rebuilt parts from wrecks that were unsalable "as is."

Trade leaders say that the shortage of fenders and bodies, gears, bearings and springs-particularly for older model cars and trucks-still prevails. They expect the scarcity to last at least another two years.

To keep their share of the replacement market when parts are plentiful and competition gets keener, many large auto wreckers now give guarantees with used merchandise. They also are initiating sound merchandising techniques.

• Competition-New parts dealers and wholesalers are confident that competition from used-parts dealers and auto wreckers will have little effect on their new parts market. But auto wreckers expect that their substantially lower prices-often only one-third of the price of new parts-will enable them to hold the business of lower-income car buyers intent on making their old cars run as long as possible.

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# ecca Bundles Up

Jack Kapp's company gets million working credit, clears old loans, gets set for Petrillo ord clampdown.

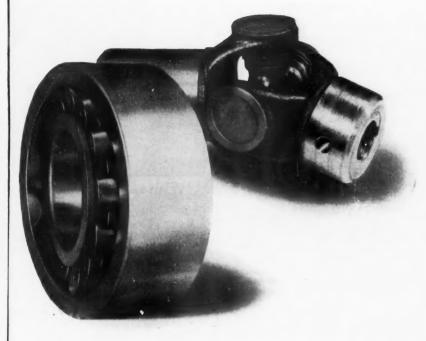
We are never," said James C. allo last week, "going to make recsagain—ever." By this he meant that American Federation of Musicians intends to go through with its total on all new musical recordings after 31 (BW—Oct 25'47 p101)

t. 31 (BW-Oct.25'47,p101). Who's Scared?—Petrillo will probably exactly as he says; he's done it once ore. But even if he does, Decca Rec-Inc., for one, isn't afraid of any ending disaster. Decca figures-and trade agrees-that it is in as good a tion as any recording company to y on successfully despite the ban. Decca puts its faith in these factors: TOCKPILE of unreleased master recrds which it has been building up. HEFTY ASSIST from crooner Bing Crosby, to whose voice Decca owes a ig chunk of its success. Decca aleady has a backlog of some 70 crosby vocals. And president Jack kapp is now on the West Coast to lelp Crosby through an intensive ecording session before the deadline. ANCIAL STABILITY resulting this

month when Decca negotiated a \$4million credit with the First National Bank of Boston to clear up some old bligations, get more working capital. Though Petrillo wasn't the No. 1 eason for the loan, the money is always good fire insurance should the musicians make things awfully hot. olid-More than anything else, the k loan demonstrates just how far cca has come in its 13-year career. pecially proud of his deal with the ston bank is Decca's executive vicesident, M. R. Rackmil. To him it's gn of a nod in public, by an old-line meial institution, to the solid fiscal t that Decca has reached.

The company was set up in 1934 by British corporation after which it is med, Decca Record Co., Ltd. Jack pp, then 33, with a background of 16 ars in the recording business, had a 50,000 stake from the parent compute to work on. Decca began by underling the older recording companies th its 35¢ records featuring big-name ent. (Its retail prices now range from \$\psi\$ to \$2.)

Croon Boom-Thanks in part to the ce, in part to Bing Crosby, Decca



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# STROMBERG-CARLSON

ROCHESTER 3, NEW YORK





READY for Petrillo: Decca's president Jack Kapp (left) and mainstay Bing Crosby

started to climb. Its total dollar volume in 1935 was a shade under \$500,000; by 1940 sales had zoomed tenfold. Last year sales reached \$30-million, double the 1945 take.

Thus Decca has reached that rarified upper strata of the business, along with Columbia Records and RCA Victor. Actually, Decca topped Columbia's \$20-million sales last year. And in units Decca thinks it is running just around neck-and-neck with Victor.

around neck-and-neck with Victor.

• Offshoots—In its 13 years, Decca has made several acquisitions and developed new offshoots to its original business. In 1941 it took over Brunswick Radio Corp.—the company which gave Kapp his start—from Warner Bros. Pictures, Inc. From this, Decca got the well-known "Brunswick" label, plus some 6,000 titles in the Brunswick, Vocalion, and Melotone catalog. Decca's buys have also included several music companies and the World Broadcasting System, Inc., which gave Decca a foothold in the radio transcription business.

Decca has also gone in heavily for folk music and children's records, as well as "talking books" and other non-musical recordings. Recently it began tapping a new market that it thinks has a happy future: It is working up a series of 88 educational albums for schools. These will comprise standard school literary standbys narrated by Crosby, Ginger Rogers, and other stars.

• Parent Bought Out—By 1938, Decca was in a sound enough position to buy out the holdings of British Decca. Pershare earnings over the past few years have varied from 58¢ in 1940 to \$1.33 in 1943 (earnings adjusted for a stock split in 1946).

Up until the deal with the First National, Decca's business expansion had been financed mainly through its own earnings. Now that it has \$4-million in reserve funds to dip into, how will

Decca use them? The answer is under wraps.

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• Where Will Money Go?—So far company has only borrowed \$2-mill at a 3% interest rate. Out of this, million has gone to pay off a prior ba loan from Marine Midland and Ch. National. It will use the second mill for undisclosed purposes. Decca call on the remaining \$2-million ove six-year period. Meanwhile it is pay 12% interest on this unused sum.

The trade wonders what Decca has mind. Kapp talked of expansion when made the deal, but he hasn't elorated since. Some observers think unlikely that the money will go in further physical expansion. They poout that currently Decca has sevolute that currently Decca has sevoluted across the country with a confortable capacity of some 400,000 prings a day on a two-shift basis. Its eployees number more than 3,000. At the company has recently talked being "over our growing pains" and having no plans for physical expansifor a while to come.

• What's Ahead—Decca, of course, sthere's no link between the loan at the Petrillo ban—a statement the transaccepts. With capital expansion a Petrillo more or less ruled out, the loseems to come down to this:

(1) A housecleaning of old oblitions, and

(2) Insurance for a future that I prices, supplies, dealer and consun acceptance, and who knows what wow into it.

Petrillo undeniably is there, too. It Decca uniquely has never turned we pale at the sight of him. Even in the past taut weeks—when competitors we frantically cutting all the master mords they could—Decca stockpiled without undue haste.

• Kapp's Advantage—One reason is the Jack Kapp—if he has to—can always

to terms with Petrillo more easily the other members of the Big ree. For Decca, unlike RCA Victor Columbia, has no corporate links the radio broadcasting business. Kapp is in the position of being to settle on one issue: phonograph ords. Columbia and Victor—indirecthave to worry about radio, too.

As for actual backlog, Decca has the asby works; old or new, they're a

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Also in Decca's stockpile is the mgs of Our Time" series of 25 alms, an anthology of hits from 1917 1942. Plus others.

should all this prove insufficient, and has a fine ace in the hole: first ack at the master records of British are via an exchange arrangement. The case of the sec-

grassar Comes Twice—This is the sectime in five years that the recordindustry has gone to bat with James csar Petrillo. In 1942 his union put same clamps on new recordings. It shutdown lasted for more than years before the industry as a whole med an agreement on royalty payats with Petrillo.

That time Decca was the first major ording company to break the ranks; signed with Petrillo in the fall of 43. But Decca remarks that even ring the duration of the 1942-43 ban, company succeeded in doing quite 11. Total sales in 1941, the year fore the ban, ran \$8.2-million. Dure 1942 and 1943 they climbed up to 1911.

### JTO MERGER RUMORS

for two months rumors have been ng the Detroit Athletic Club that new auto merger is in the making, skard Motor Car Co. and Nash-Kelator supposedly were getting set to m up.

This week the rumor got a nationie airing on Walter Winchell's Sunnight broadcast. That immediately ught some improvements and varians on the original. In Cleveland, for tance, the word was that Studebaker uld also be in; that Kaiser-Frazer was ling—but hadn't been asked.

Actually, the Packard-Nash rumors to some grounds. Insiders know that two companies have been talking but a get-together. That deal isn't d; but there isn't much life in it.

What seems to have brought the gosinto the open was a statement that orge T. Christopher, Packard presint, made to his workers last week. Instopher said the company would be enough steel in 1948 to make 50% 100% more cars than it did in 1947. was referring to a deal Packard is king out with a steel supplier; but, misinterpretation, some in the trade wed at merger.



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# **JESSOP** Stainless-Clad

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Would use of stainless add too much to the price of your product? Before deciding, look into the cost of making it from JESSOP Stainless-Clad Steel. In addition to cost of material you will want to analyze your production costs-bearing in mind that JESSOP Stainless-Clad Steel requires no coating, plating, or other surface preparation to make it rust and tarnish proof.

The surface of your product is the principal consideration in attracting buyers. JESSOP Stainless-Clad Steel provides your product with a lustrous stainless surface that lasts a lifetime, yet uses only 1/10 as much stainless as solid stainless sheets. JESSOP engineers will help you deter-

# Store Realty Sold Abraham & Straus sell

store and warehouse to Unio is a College; will continue to occup them on a long-term lease.

Federated Department Stores Is ing ahead with its program of selling its real-estate holdings-while staying me to 67). I ty is the less them under lease (BW-Nov.15'47.p6 Last week the long-rumored sale of the Brooklyn store and warehouse of Abr ham & Straus to Union College, Schenectady, was completed.

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• Complex-The deal was a rather con plicated one. The property involved w not owned by either A.&S. or Fede ws. T ated. It was held by the Abrast Real Corp., which, in turn, was owned individual descendants of the store founders

blica So Federated bought all of the ou standing stock of Abrast from its ow ers for \$4.7-million. The shares were immediately sold to Union's Holdi Corp.-the college's investment affilia -for \$4.9-million. llege

Only \$360,000 of the college endorment funds were involved. The re of the money came from a \$500,0 bank loan and from sale to the Equ table Life Assurance Society of S84-m lion of 30-year mortgage bonds. Pa of the proceeds of this issue was use to pay off outstanding Abrast bonds.

• Terms-The store and warehouse we immediately leased back to A.&S. 30 years, with two 25-year renewal o tions. A.&S. guarantees interest as amortization on the liens; all but about \$3-million will be paid off during the first 30-year term, the rest in the ne 25 years. In addition, Union will a income on its \$360,000 investment the rate of 4% (\$14,400 a year) for the first 11 years, \$20,000 a year for the next 19 years, \$50,000 a year for t first 25-year renewal period, and \$100 000 a year for the next 25-year perio

This isn't Union's first venture in this type of investment. About 2½ yes ago it bought virtually all of the re estate property of Allied Stores Cor for about \$16-million (BW-Jun.9'4

· Solution-Such investments in re property have been increasingly pop lar with colleges and universities in nt of cent years. They have been subjected a nasty squeeze: Costs of operation a the skyrocketing; income from endowmer funds has shrunk because of declinit bond yields (BW-Aug.16'47,p22). The ember spen vield obtainable from income-producit tional Statio business property is considerably mo At his than that from high-grade bonds.

The retailer benefits, too. He is di ncoln, posing of high-value real estate in who surance hen is a static—or even dying—section a city. Due to the present realty om, he usually makes a good profitlong-term capital gain on which his s is a maximum of 25%. And he can duct the rent from his income for

purposes.
Loophole?—But this type of transacn is distinctly out of favor in Washgton. Treasury and congressional tax perts agree that, no matter who benefrom these deals, the government is re to be a big loser (BW-Jan.26'46, 7). Reason: Rental paid on the propty is a deductible business expense for elessee; as income of a nonprofit edutional institution it is tax-exempt for landlord.

ed w Congress is up in arms against what regards as a "loophole" in the tax ws. The House Ways & Means Com-Real ittee held hearings on the subject ring the special session just ended, hold more. The committee's Reblican majority has indicated that e loophole would be stuffed if any w could be found to stuff it.

ied

It's still not certain how that can be me. Committee members say that ffilia ey have no intention of restricting the leges' tax-exempt status. So whater restrictions are adopted will hit the siness enterprises involved.



### EADS INSURANCE GROUP

le Institute of Life Insurance, public reions organization for the life insurance siness, has chosen Edwin W. Craig, presint of National Life & Accident Co., as new chairman. Craig has been a director the institute for two years, is now a ember of its executive committee. He s spent his entire business career with tional Life. Also, he is board chairman Station WSM in Nashville, Tenn.

At his new post, Craig succeeds Leroy A. ncoln, president of the Metropolitan Life surance Co.



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Pacific Northwest ports - gateways to Alaska and the Orient - with ships and cargo planes girdling the globe - are becoming increasingly important in world trade. Through them flows the commerce of many lands - imports and exports vital to American prosperity.

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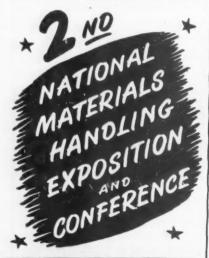
Main Office - Seattle Spokane and Eastern Division - Spokane

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### The Cost Reduction Show

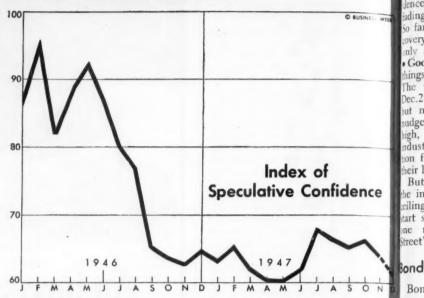


Cleveland Auditorium



Empire State Bldg.

# THE MARKETS



If you divide the Business Week index of business activity into Standard & Poor's 90-sto price index, you get the above ratio; it shows the sharp downhill trend of stock trade faith in the future of the country's current economic boom

# Wall Street Lacks Confidence

Despite plenty of bullish news-good business, good profits good dividends-stock prices have been in the doldrums all year Bond prices weak at year's end; industrial commodities strong.

The stock market will begin 1948 suffering from exactly the same ailment that plagued it at the start of 1947: an acute case of cold feet.

 Contrast—Business throughout the year. Commodity prices have gone through the roof. And yet the stock price averages have flopped around disconsolately within a 25-point trading range. This week, the Dow-Jones industrials stood a scant five points above their level of Dec. 31, 1946.

Obviously, it's not lack of good news that's holding the market down. It's lack of confidence. And until traders

have a change of heart, good news ca pour in by the bucketful without ma ing any real difference in stock price • Fuzzy-Most market students don like to talk in terms of confidence

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lack of it. They consider it a fuzzy co cept-which it is, of course. They pa fer to deal with earnings, discount rate and the technical factors in mark

But any analysis of the present mark has to start and end with the question of confidence. All the other ingredien for a boom in stocks are there-recor breaking production, record-breaking earnings and dividends, buying pow that seems almost limitless. The on thing lacking is the happy faith the makes the public swarm into Wa Street with checkbook in hand. The is conspicuously absent.

• Index-You can get a rough measu of what is happening to confidence dividing an index of stock prices by index of business. For example, take the ratio of the Standard & Poor's 90-stood index to the Business Week Index Business Activity (chart).

This shows plainly that speculative confidence hit the skids right after th market made its top in May, 1940

### Security Price Averages

	This	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	150.3	149.4	150.5	147.6
Railroad.	43.3	41.9	41.1	48.6
Utility	67.3	66.8	68.0	80.9
Bonds				
Industrial	119.4	119.2	119.7	123.1
Railroad.	105.2	105.1	104.6	113.3
Utility	113.5	113.4	114.6	111.5

dock prices didn't break sharply until he following September, but confidence, as measured by this index, was ading rapidly all through the summer. so far, it has shown no significant reovery. The end of the year finds it nly a shade above last spring's low. Good News-Just at the moment, hings look a bit brighter in Wall Street. The traditional year-end rally (BW–Dec.20'47,p84) has arrived—belatedly out no less welcome. The rails have nudged their way through last July's igh, to the delight of the bulls. The dustrials are trying to work into position for another test of the ceiling on heir long-established trading range.

But the real test is yet to come. If he industrials fail to get through the eiling, the market almost surely will tart sinking again. And that will add ne more discouragement to Wall Street's already faltering faith.

### **Bonds Bearish**

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Bond prices at year-end are a bad men for the securities markets of 1948. Bonds are still on the defensive, alhough the pressure now isn't as great s it has been. Prices may not drop much more, but they aren't likely to tage any sort of real recovery in the rst half of next year. Treasury debt etirement policy will see to that.

· Precedents-In the past, trouble in he bond market has meant trouble for 'ea tocks. In 1937, for instance, bond ields began to rise during January. By April, they had gained 32 basis points. The stock market break began in March. A year later, the Dow-Jones industrials had lost 49%.

Moody's AAA corporate bond yield

average is now around 2.87%. Before this year's rise began, it stood at about 2.53%. Treasury taxable long-term bonds now yield 2.38%. This represents a rise of about 21 basis points.

### Commodities Mixed

Industrial prices show the strongest trend in the commodity markets at the end of 1947-and this adds just one more complication to businessmen's thinking on price policy (page 19).

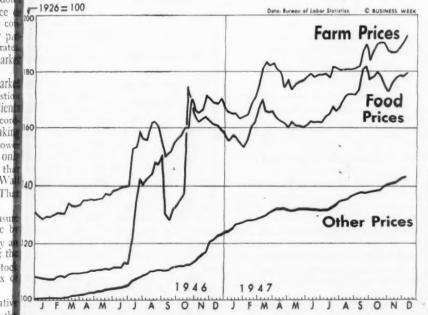
Decided firmness is manifest in metals and products fabricated of metals. These are the industries in which confidence in prospects is the highest-and purchasing agents are acting accordingly. That helps account for the sustained uptrend in the index of commodities other than farm products and foods (chart, below)-for these "other" prices are mainly industrial.

• Weakness in Wheat-The farm-andfood groups get off into the new year on a less buoyant note-although they are far from weak. Wheat, in particular, is suffering from the jitters.

Most immediate of wheat traders' worries is the congressional investigation into speculation. More deep seated, however, are worries over supplies early in 1948 and crop prospects later.

Bulls are afraid grain held off the market for tax purposes may be pressed for sale after the turn of the year. And they got a bit of a jolt from the government's first forecast on the 1948 winter wheat harvest; Dec. 1 condition indicated a possible yield of nearly 840,-000,000 bu.

· Significance-If wheat runs into trouble, a lot of other prices may be dragged down along with it.



WHOLESALE COMMODITY PRICES have turned hesitant under the impact of the ongressional probe of speculation, but still don't share the doldrums with stocks

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# LABOR



HEAVY TURNOUT: Employees voted 94% for union shop in American Woolen's mills

# Rising Tide of NLRB Elections

Government board pushed to keep up with petitions for mion-shop balloting; larger staff needed. Field men and unions put blame for situation on Taft-Hartley law requirement.

The National Labor Relations Board has been able, so far, to keep its head above water-despite a Taft-Hartley flood of NLRB cases. But as it winds up 1947 it isn't so sure that it won't be swamped by the swelling tide.

• Heavy Boston Vote-Last week the board's Boston regional office was hard put in holding the largest union-shop election so far-among C.I.O. textile workers in 21 American Woolen Co. mills in 14 cities. It had to poll about 20,000 employees on whether they wanted union-shop negotiations with the company. With voting in 20 mills completed, the NLRB count showed 17,130 for, 1,089 against.

Altogether, the NLRB office in Boston has been asked to hold 102 unionshop polls for the Textile Workers Union of America (C.I.O.) that's going to mean arranging elections for a total of 60,000 woolen and worsted industry employees before Feb. 1-when New England T.W.U.A. contracts expire. After that, T.W.U.A. wants 100 more union-shop elections for cotton textiles locals. And T.W.U.A. is only one of many unions doing business with NLRB in New England.

In other regions, NLRB is running just as far behind on union-shop elections as in New England.

· Elections Drag-Just after the T-H law became effective, elections in the New England area were being set 10 days to two weeks after petitions were filed. Now filings are piling up at a rate that's pushing elections back further and further.

To cope with this problem, the Bos ton regional labor board has been recruiting and training college students to bolster its staff. With thousands of elections of all kinds expected during 1948, it considers this augmented force of inspectors indispensable.

NLRB field men-and the unionsput the blame for the slowdown on the union-shop election requirement of the T-H law. Nationally, NLRB ran nearly 500 behind in union-shop elections during November. The board began the month with 138 elections pending, and got 600 new applications. It was able to close only 112 union-shop cases during the month.

· No Padding-So far, there's no evidence that the flood of union-shop election petitions has been due to a labor

desire to pad NLRB's docket. Regional offices say that requests to poll workers on the union shop are genuine. They're not trumped up cases to bear out labor's warning in mid-1947-that NLRB would soon founder under the red-tape and added load of new T-H cases.

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One indication: Unions piled up heavy victories in every union-shop election held in November. The average vote was from 90% to 95% to authorize officers to demand the union sliop in collective bargaining.
Since the T-H law went into effect,

only one union-shop election has ended in defeat for the petitioner. That was held Dec. 5 at the Cornell-Dubilier Electrical Corp.'s main plant in Providence, R. I. Petitioner was the International Brotherhood of Electrical Workers (A.F.L.). Its defeat (649-333) was due to a special set of cir umstances, and can't be considered typical. Bargaining Petitions-Except union-shop elections. NLRB has pretty well held its own. Last month the board closed 325 pre-T-H law petitions and 175 post-T-H law petitions for bargaining elections. It received only 488 new ones and ended the month with a 12case dent in its backlog. But it can't expect to keep this pace unless it augments its staff.

Reason: Many of the 325 old cases were closed under a blanket dismissal because they involved unions not eligible to process cases before NLRB. If you disregard these routine closings, the figures show NLRB's case load higher at the end of the month than

on Nov. 1.

• NLRB Docket-A breakdown of the NLRB docket shows:

Pre-T-H Cases-There were 1,840 cases pending on Aug. 22, when the T-H law went into effect. Of these, 1,153 still were on NLRB's docket Dec. 1. Many of the 687 cases erased from the books were blanket dismissals due to noncertification, or because foremen were involved.

Election Cases-On Sept. 30, NLRB had 1,603 bargaining petitions pending By Dec. 1, the docket showed 2,651 elections to be held including 1,498 new petitions. During October the board got 340 petitions for bargaining elections. 139 for union shop authorizations, and 45 for decertifications. It held 58 bargaining elections, 31 union-shop polls, and five decertification votes. During November there were 488 petitions for bargaining elections, and 153 polls taken; 600 union-shop vote requests were received, and 112 elections held; and 36 decertification tests were sought, and six held.

Add to this the growing load of other board business-including 930 unfair labor practice charges filed since Aug. 22-and it's clear that NLRB has reason for its grim view of 1948.

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Possibility of union tug-ofar, with management in mide, causes railroads more conen than contract demands.

Mediation in the wage dispute becen railroads and three operating otherhoods stood stock still this week. Her a month of parleys supervised by National Mediation Board, talks e suspended for the holidays. When resume on Jan. 5, battlefronts of opposing parties will show little ange from original lines.

WANT a 30% wage boost, about 36¢ an hour. They also want an additional raise for employees limited to yard and hostling work, and concessions on certain work-rules.

RRIERS OFFER the 151¢ hourly pay mise and four work-rule changes already accepted by other railroad unionists (BW-Sep.6'47,p93; Nov. 22'47,p19). They argue that they can't do any more for the three groups now negotiating with the carriers than they did for the others.

Taking Part-The unions in the talks the Brotherhood of Locomotive Eneers, the Brotherhood of Locomotive remen & Enginemen, and the small itchmen's Union of North America. gether, they represent 125,000 railad employees in the operating group.
a mail poll completed this week, a avy majority favored a strike. Officers ere authorized to set the date-but put any walkout order "at least until er the holidays,"

It's highly unlikely that a strike will ordered even then. If mediation eaks down, parties are bound by the ailway Labor Act to other steps: they ust accept arbitration or place the diste in the hands of a fact-finding board med by the President. Workers could ike, legally, only after the fact-finding

Balk—The 15½¢ hourly raise and worke changes accepted by other rail tions were arrived at through arbitran. The three brotherhoods balked at e settlement when their contracts me up for negotiation. They deanded special treatment, holding that ey are under different wage and job

Many observers of railroad labor ionism accepted this argument with ervations. To them, the brotherods' demand for a better settlement a significant sign. Old railroad union leups have been tossed out of the ndow. There's a new lineup in the aking, based on similarities in ecomic interests. And already there is a



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Box 3364, Business Week 330 West 42nd Street, New York 18, N. Y.

jockeying for leadership in the important bloc of railroad operating unionists.

· Parting of the Ways-Last year, Alvaney Johnston, president of the B.L.E., and A. F. Whitney, head of the Brotherhood of Railway Trainmen, were a tight team. As joint leaders of the 1946 railroad strike, they met all comers until they were forced to retreat by a presidential attack (BW-Jun.1'46, p15). Since then, their paths have forked.

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If the Robertson-Johnston lines really wants to get out front in railw unionism, it obviously can't backtrad This might forecast a union tug-of-war with rail management in the midd The carriers are worried more about this than they are about current contra



WORKERS CELEBRATE a \$650,889 melon slicing

### Kaiser-Frazer Shares Production Kitty

Employees of the Kaiser-Frazer Corp. were \$748,665 richer this Christmas. Members of the United Auto Workers (C.I.O.) received year-end checks for shares in a \$650,889 production fund. Secretaries, executives, and other personnel not covered by the U.A.W. contract got slices of a special \$97,776 bonus melon. In all, 10,228 of Kaiser-Frazer's current 16,168 employees received checks in the week before Christmas.

"production kitty"-Security Trust Fund-was set up in the company's 1946 contract with U.A.W. The company puts \$5 into it for every Kaiser or Frazer shipped from Willow Run. Shares go to all production workers who meet eligibility rules: a record showing the men at work 90% of the time, were at least 90 days on the payroll, and

took no part in any wildcat work sto

· Cars Equal Cash-The first "kitty divided last December, came to \$ 036. Checks averaged \$41.82 (BW Dec.14'46,p90). The high 1947 to was derived principally from producti of 125,655 autos during the year.

Average payments this year amount to \$72.16. Some checks were for a magnetic state of the state imum of \$92.77. These went to work

present for all 252 shifts.
• "No Precedent"—Kaiser-Frazer volu tarily added the bonus plan for no U.A.W. employees this year. Its go was to give comparable bonus chec to all personnel. However, Edgar Kaiser, K.-F. vice-president and gener manager, warned that the volunta .200 bonus plan "is not to be construed as precedent for the future."

### ewis on Pensions

Mine chief demands prompt dion on old-age pensions out froyalty fund. Operators hope by can bargain sum down.

John L. Lewis may have his eye fixed distant horizons, but he's not fortting his own back yard.

Coal management was an interested

Coal management was an interested atcher as Lewis broke with the A.F.L. followed intently all the clews which inted toward a new Lewis-led organing campaign (BW—Dec.20'47,p86). As the coal operators could point at to anyone, Lewis is no Communist. It time has placed him and the Commist-dominated unions in the C.I.O. the same position on important doestic and foreign issues. So the coal impanies could tell management in her industries not to be surprised if the wis and labor's left-wing worked usely together.

sely together.

Pension Suggestion—But it was evint this week that, despite his plans the future, Lewis had some immediplans for coal. That news broke meeting of the trustees of the nited Mine Workers Health & Wele Fund. These men administer the count created by a 10¢-per-ton royalty all coal mined under the U.M.W. ntract. Lewis himself is one of the nee trustees. He proposed that the nd provide a \$1,200-a-year pension r coal miners who reach the age of after 20 years of service in the pits. suggested further that if the dimeon royalty was not enough to finance \$100-a-month retirement plan, the walty be increased.

The Lewis demand was made usquely on Ezra Van Horn, who repsents the operators in the fund's adinistration.

Cost—Industry estimates place the st of a \$1,200 annual pension at 40-million. The operators figure that is sum could not be piled up without least a 40¢ per-ton royalty tax. M.W. officials retort that such an timate is "wildly exaggerated."

Lewis has indicated that unless an reement is reached soon on miner asions, a "national emergency" might created. A "national emergency" is term used in the Taft-Hartley act describe a work stoppage in an instry vital to the national welfare.

Bargaining in View—The industry inferees are sure Lewis is serious about thing up a generous retirement sysm for coal miners early in 1948. Hower, they are inclined to regard the .200 figure as an asking price. They ppe it can be bargained down without strike.









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Electric Co., Ltd..... Crane, Ltd



James B. Black



Benjamin F. Fairless



Paul G. Hoffman



George M. Humphrey



Lewis A. Lapham



Charles E. Wilson

# Advisory Panel Ready for Work

Top management-labor group, set up by T-H law to counsel mediation service in national emergency cases, to meet soon. It will help more on broad policies than on day-to-day matters.

The new National Labor-Management Panel created by the Taft-Hartley law is getting set for its important job: to advise the Federal Mediation & Conciliation Service on methods, policies, and procedures of settling disputes. Its personnel, six outstanding men from each side, was announced last week by President Truman.

• Aim—By law, the purpose of the new, top-flight panel is to "... advise in the avoidance of industrial controversies and the manner in which mediation and voluntary adjustment shall be administered, particularly with reference to controversies affecting the general welfare of the country."

Those appointed, and their terms:

For Management—James Black, president, Pacific Gas & Electric Co., one year; Benjamin F. Fairless, president, U. S. Steel Corp., three years; Paul G. Hoffman, president, Studebaker Corp., one year; George M. Humphrey, president, M. A. Hanna Co., two years; Louis Lapham, president, American-Hawaiian Steamship Co., two years; and Charles E. Wilson, president, General Electric Co., three years.

For Labor-Harvey Brown, president, International Assn. of Machinists (Ind.), one year; Clinton S. Golden, chief of the Labor Division of the American Mission for Aid to Greece, two years; William Green, president, A.F.L., three years; Allan S. Haywood, vice-president, C.I.O., one year; William L. Hutcheson, president, A.F.L. carpenters union, two years; and Philip Murray, president, C.I.O., three years. Brown formerly was an officer in A.F.L. Golden, former officer in the C.I.O. steelworkers' union, is a close associate of Murray. Hence, for practical purposes, labor's representatives on the panel are split 50-50 between A.F.L. and C.I.O. partisans.

• Foresight—Significantly, the management men on the panel are from steel, auto, utility, shipping, coal, and electrical manufacturing industries. These are practically all the industries in which a national emergency might arise. Railroads are excluded because they do not come under the Taft-Hartley law.

come under the Taft-Hartley law.

John L. Lewis' coal miners have no name on the labor half of the panel, because of their breakaway from A.F.L. Also missing (some labor observers say significantly) is the name of Walter Reuther, president of the United Auto Workers and now No. 2 man in C.I.O.

Murray, who put up the C.I.O.'s list apparently passed over Reuther. In his place he picked Haywood-for a lon time Murray's troubleshooter and right hand man in dealing with his unions • Broad Policies-It is unlikely, because of the high caliber of the committee that the panel will get together ver often. Hence, it will be more useful to Mediation & Conciliation Service Di rector Cyrus S. Ching on broad police matters than on day-to-day affairs. will be called on, particularly, for help if a major, national emergency case arises. Ching's view of the T-H intent was that it created a functioning board able to deliver the goods in a pinch-not just an advisory group such as that set up by former Conciliation Service Director Edgar L. Warren (BW-Oct. 18'47,p16).

The new panel is expected to get to gether for the first time, to organize

early next month.

### FORD PAY-PLAY BOOST

New, liberalized vacation and over time payment plans recently went into effect for salaried employees of Ford Motor Co.

Under the new schedules, employees who have completed from 10 months to five years of service by Jan. 1 will receive two-week vacations. Workers with less than ten months' service will get the day for every month, or fraction of a month, of service. Those with more than five years' service, and those who earn \$625 or more per month, will have three-week vacations. In case of separation from the company before an earned vacation is taken, the worker gets money in lieu of the time.

Employees also get an extra day for any of six holidays falling within their vacation periods. Another change specifies that approved leaves of absence are not deductible from earned vacation

New overtime payments have been set up for personnel exempt from wage-and-hour rules. Such workers earning less than \$425 per month, for example, will get time and a half; those earning between \$425 and \$525 will get time and a quarter. Straight time will go to those getting not less than \$525 nor more than \$624.99 per month. And employees earning \$625 or over are not eligible for overtime compensation.

The Pictures—Acme—58; Press Assn.—58, 68; Globe—50; Fabian Bachrach—61; Int. News—66; European—73; Randall W. Abbott—64; Cal-Pictures—68; Gladstone—68.

# TERNATIONAL OUTLOOK

INESS WEEK IMBER 27, 1947



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There's a new note of realism in the European Recovery Program.

The cost of the plan Truman presented to Congress doesn't differ much from the original Paris version. (It's down from about \$19-billion to \$17-billion.)

But the Administration has shown unexpected regard for business.

Foreign traders have spotted these unpublicized points in Truman's ERP Report.

Procurement of goods for Europe will remain largely in private hands. Existing trade channels are to be used whenever possible, both here and abroad. Only a few items in short supply (such as grain) will be handled by U. S. government procurement agencies.

Private investments in Europe get a sharp stress—and an incentive. Here's the idea: Truman would guarantee up to \$850-million of new private investment against loss from currency controls. Suppose you build a plant in France (with U: S. approval, of course). Two years later, say, the profits can't be converted into dollars. So the U. S. Treasury provides the dollars for you. The same holds true if your plant is nationalized and compensation is in francs. The guarantee runs for 14 years.

To ease the pressure on U. S. supplies, Truman would buy \$7-billion worth in Canada and Latin America. Out of the \$7-billion about \$2.6-billion would be spent between April, 1948, and June, 1949. Here is how that would take the heat off our economy during the 15-month interval:

All of the ERP iron ore requirements would come from outside the U. S.; in meat the figure would be 98%; sugar, 92%; timber, 74%; fats and oils, 68%; nitrogen fertilizer, 60%; bread grains, 53%.

At that, the U. S. will have to take quite a slice out of the domestic pie: We are counted on to supply 89% of the 700,000-ton total of dairy products; 86% out of \$158-million in farm machinery; 86% of 20,000 trucks.

Also, the U. S. is slated to provide all the freight cars (20,000); steel equipment (\$48-million); timber equipment (\$17-million); electrical equipment (\$95-million); and coal (48-million tons).

You can expect early moves to bolster Bizonia in Western Germany.

Key step will be creation of a German "economic" government in Frankfurt. U. S. and British technical services are ready now to shift their offices from Berlin to the new "capital."

The problem is to build a strong administrative setup at Frankfurt without making it an actual government. A "political" label would prejudice attempts to achieve unification of all Germany later.

A stronger U. S. voice in Bizonia doesn't mean basic policy changes.

But two things will happen:

- (1) The Germans will get a freer hand to run industry;
- (2) The aggressive U. S. attack on Ruhr coal bottlenecks will be repeated on other industrial fronts.

The Schuman government in France is having trouble with its antiinflation plan (page 73).

De Gaullists and Communists are both fighting the government's

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK DECEMBER 27, 1947 proposed measures. It's largely spite. They don't want Schuman to be too successful.

But even if Mayer gets the breaks in the Chamber of Deputies, inflation still haunts France.

With one hand the government is reducing inflationary pressures by more taxes and forced loans.

With the other it is passing out a new 10% wage increase. Schuman wants to woo the support of anti-Communist workers. But it's a flirtation with inflation at the same time.

French Socialist workers have set up a rival to the C. G. T. (General Federation of Labor). The new organization, C. G. T. Force Ouvriere, should get at least 1.5-million of the C. G. T.'s 6-million members.

The Socialist group won't have much trouble winning government employees and white-collar workers.

But it will have a tough struggle to take over the heavy industries.

Actually, Leon Jouhaux, top Socialist labor leader, didn't want the split now. It didn't make sense to him to hand the Communists the C. G. T. offices, press, and \$700,000 bank account. He figured he could wrest control of the C. G. T. from the Reds within a year.

But local union leaders forced his hand. They had had enough of Commie insults and strike tactics.

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Washington thinks that Western Europe will get 16-million tons of Polish coal in 1948. That's about what the ERP countries figured on at Paris.

Warsaw has set a 68-million ton target for next year. Domestic consumption shouldn't take more than 42-million tons.

This would leave 26-million for export. And only about 10-million of this is committed to Russia and the Soviet bloc.

The Poles undoubtedly want to do business with the West. Latest evidence: Railway lines in Silesia have been changed from Russian to standard gage. All this should help clinch a World Bank loan for Poland (BW-Nov.22'47,p116).

Business abroad wound up the year with these interesting developments:

Turkey is planning the largest cigarette factory outside the U. S. and Britain. American Machine & Foundry Co. has a contract to design and equip it for the Turkish state monopolies.

**Italy** is sending an economic mission to the U. S. to study sugar-refining methods. The mission will also knock on the door of the Export-Import Bank. Reason: to get funds for American machinery to refit the Italian industry.

Belgium will begin buying more British cars, fewer American. The Brussels government wants to kill two birds with one stone: use up its sterling balances; save dollars for other purchases.

Argentina is dickering with Texas' Glenn McCarthy, "King of the Wildcatters," to develop oil and gas resources. McCarthy personally sold Peron on a \$290-million plan. It's an across-the-board proposition, from wildcatting to the latest in oil chemistry.

**Britain** will see a rise of \$1 a ton in steel next month. The British Iron & Steel Federation is jacking up prices because coal is rising 50¢ a ton.

Australia wants doughnuts the American way. A new company is being formed to produce U. S.-type machinery and ingredients. Doughnut Corp. of America will supply the know-how, some of the capital.

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# USINESS ABROAD



OPERATING in French crisis: Premier Schuman (left), Finance Minister Mayer

# ighting French Inflation

Government will try three weapons: higher taxes, end of ost price controls, more food imports. But it will need a lot of eaks to succeed. Failure would mean renewed Left-Right strife.

PARIS—French businessmen have at had a dramatic reminder that tough mes still lie ahead.

One of the major items in the Schuan government's drastic anti-inflation ogram is a forced loan which will take to 50% of the profits made by prite industry. The one consolation for siness is the plan to end most price

Threat—By using a firm hand, human managed to stop the Commists (BW—Dec.13'47,p114). But a success on the political front will can nothing unless he can solve ance's basic problem—the threat of maway inflation.

This is why Rene Mayer, Schuman's mance Minister, is attacking the inflam problem with a vengeance. He is ing a three-pronged approach:

BOOSTING TAX RATES; the forced loan is the chief weapon. The aim: to meet an estimated 1948 budget deficit of \$3-billion.

except a few basic commodities such as wheat, steel, and coal. Mayer figures that these are the only type of goods that can be controlled effectively.

INCREASING IMPORTS of foodstuffs.

This is to check constantly rising food prices.

Mayer is basing his program on a 1948 national balance sheet just completed by Jean Monnet, author of the Monnet Plan. The report predicted a 1948 inflationary gap of nearly \$6-billion (the difference between supply and demand for consumer and producer goods). Also forecast is a trade deficit of \$2.2-billion between next year's ex-

ports and imports (BW-Dec.20'47, p100).

• Breaks Needed—But the Monnet report makes a lot of optimistic assumptions. So, if the Mayer plan is to work. France will need a number of favorable breaks.

(1) Coal, food, and raw materials must continue to flow in from abroad.

(2) Foreign credits (mostly from the U.S.) must meet that \$2.2-billion trade deficit—at least 40% higher than the 1947 deficit.

(3) Next summer's domestic harvest must be good.

(4) Bank credit must decline rather than increase.

(5) The effect of new taxes on living costs must be minimized somehow.

• Investment Problem—Given these breaks, the French economic picture would not look so black. Up to the time of the strikes, industrial output was running at a level equal to 1938. Nearly 20% of the national product was being plowed back into investment (the figure for 1938 was 12%).

Investment in new industrial equipment in 1938 was a mere \$850-million. For new investment and reconstruction in 1946, the figure was \$4.4-billion. The total for 1947 is \$5.3-billion; and the estimate for 1948, \$4.6-billion.

But the 1948 investment figure has already been cut below the original Monnet Plan estimate. And it may have to be cut even more. Production of consumer goods has suffered as a result of the national effort to modernize French industry. This has meant less incentive for workers.

• Business View—This is why leading French businessmen feel that the government should cut capital expenditure and channel more labor and materials into production for the consumer (BW—Dec.20'47,p100). They figure that this is the only way to reduce the inflationary pressure. It would also give workers an incentive to raise their productivity.

Monnet himself recognized the need for more incentives in a recent progress report on his Plan. He listed this problem as one of the chief reasons his Plan is still behind schedule. The production figures he gave for the first six months of 1947 confirm this. De-

### Monnet Plan's First Year: A Sampling

	Plan for		Realization of Plan		
	1938	1947	1st Six Months	2nd Six Months"	
Coal (million tons)	47.6	55.5	91%	83%	
Steel (million tons)	6.2	7**	83%	80 %	
Cement (million tons)	3.8	6**	42%	42%	
Railroad freight (million tons)	133	16000	85%	92%	
Electricity (billion kwh.)	20.7	25.5	100%	97%	
Tractors (thousands)	2.7	12.3	29%	n.a.	

<sup>\*</sup> Estimated. \*\* Later reduced to 6.2; 5; and 150, respectively. n.a.-Not available.

### PRAGUE LETTER

PRAGUE-Here in the Czech capital, the Christmas season has a frugal note compared with a year ago. Then the 12-million people of this republic were having a Yuletide spree before getting down to the Two-Year Plan. Since then the worst drought of a century has hit the land. For the general publie this has meant a reduced food ration-healthy people over 20, for instance, will get no milk or butter till next April or May. It has also meant a scarcity of many consumer goods, notably textiles and shoes. These are being exported in greater quantities than a year ago in an effort to offset the unexpectedly heavy imports of foodstuffs.

But the Czech people are cheered by one thing-success of the Two-Year Plan. This plan was ushered in on Jan., 1, 1947. Its aim: to bring industrial output up to 110% of the 1937 level. At the half-way mark the Plan, on the whole, is on schedule. Over-all industrial production is now about 95% of

the 1937 figure.

Several basic industries are already above prewar levels. Lignite output in September, 1947, was 1.9million metric tons compared with a 1937 average monthly output of 1.5-million tons. Others: steel, 197,-000 metric tons vs. 192,000; electric power, 554-million kwh. vs. 342-million; gas, 30.5-million cubic meters vs. 11.3-million.

The paper and woodworking industries are running at about 112% and 110% of 1937, respectively. Glass and chemicals are lagging about 10% behind their targets.

THE DROUGHT completely upset all plans on the food front. That was the chief reason why most Czechs welcomed the first news of the Marshall Plan and were disappointed when their government withdrew. However, a preliminary Soviet-Czech fiveyear trade agreement was rushed through to allay popular alarms. The agreement assured Czechoslovakia of 200,000 tons of Russian bread grains and 200,000 tons of fodder. Yugoslavia also through with a promise of 300,000 tons of corn and Romania 150,000.

Even so, the continued drought made the over-cautious farmer hold back his deliveries for fear that his

next year's crop would also be affected. There was a tense situation as government officials anxiously scanned world markets for more grain. Then the press, particularly papers of the extreme left, dramatically announced that Stalin had answered a personal appeal from Premier Gottwald (Chairman of the Communist Party) with a promise of 200,000 more tons of bread grain. Thus, it looks as though the present bread and cereal rations can be maintained.

This move of Stalin's has re-ceived great publicity. The Communist press loses no opportunity of pointing out the advantages of the "Molotov Plan" over the slower-starting Marshall Plan.

HE FOREIGN TRADE picture is a gloomier one. For the first ten months of 1946 imports amounted to 7.1-billion crowns, exports to 9.8-billion—leaving a "favorable" balance of 2.7-billion crowns. During the first 10 months of 1947, however, imports were 22.9-billion crowns against exports of a little over 22.2-billion. This left a deficit of nearly 700-million crowns.

The trade picture with the U.S. is even darker. In the first 10 months of 1947, the deficit was 1.6billion crowns. So far the adverse balance has been met from exports to the dollar area, and from reserves accumulated from 1946 trading. But Prague's supply of dollars is running low

The Czech-Soviet trade agreement covers 16% to 18% of Czech exports. It gives Czechoslovakia a guaranteed annual marke' for \$100million of industrial products.

In return, the Czechs will receive an equivalent amount of food and raw materials. Among the materials promised by Russia: iron ore, manganese, asbestos, cotton.

Some 40% of Czech foreign trade will be with Russia and its eastern economic bloc; 60% with

the rest of the world.

Dr. Hubert Ripka, Minister of Foreign Trade, was asked what exports to the U.S. could still be expanded. He replied: "There are 500 different varieties: textiles, glassware, artificial jewelry, hops, beer, and-you may be surprised-machinery.

spite the heavy investment industries, only electric power reached the planned output

· What About Wages?-While the ernment has been figuring out its inflation program, French workers been waiting patiently for the ment's decision on further was creases. Wage boosts in addition to 13% already granted were promise the strikes ended. These, of course, intensify inflationary pressure.

The Communists are still on the Strike ringleaders who used violence being fired. Non-Communist members have been busy develor their own organizations. Many wor have been leaving the unions or swi

ing their affiliation.

• Deadline-If the Mayer plan isn't ceeding by the end of the winter, the bound to be another wave of labor rest. If this comes, the Communists have a new chance to regain their ing influence; de Gaulle will have a chance to take over the government The bets are on de Gaulle rather the Communists in such a contest. either way, failure to stop inflation France means the eclipse of the mid road parties that are now governing country.

### BURMESE DOLDRUMS

CALCUTTA-Businessmen who to with Burma are facing a tough pr lem: It may be years before Rango the country's war-ravaged capital chief port, gets back on its prewar f

American business representati who have gone into Rangoon pain dismal picture. Before the war the had some 25,000 buildings. Now, m than two years after the Japanese defe there are still only half that number thanks to material shortages and h labor costs. Meanwhile the populat has risen from 400,000 to 600,000.

Because city revenue is down 50 municipal services are either very p or nonexistent. There are no st lights, little electricity for domes use. The water supply is barely a q ter of the requirements. Small 'lines' using semiconverted trucks vide what transportation there is. and order are noticeable only by th absence.

But even if Rangoon were ready do business again, there wouldn't much to do. Before the war Burma the world's No. 1 rice exporter: servers think it will take the coun five years to reach the prewar level production. Teak production will about the same time to get back. L will recover sooner, but no apprecial quantities will be mined before no summer.





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## Australian Plans

Commonwealth's West pins hopes of industrial development on population growth and foreign capital.

MELBOURNE-Western Australia is building up pressure behind an all out drive to industrialize and populate its sun-baked expanses.

This vast state can best be visualized as an outsize California, emptied of its population and stretched out over a third of the U.S. About half its 500,-000 people live in the vicinity of Perth; the other half are sprinkled lightly over the state's 975,000 sq. mi. They make their living from fruit, gold, wheat, wool, meat, and hides.

• Lag-Industrially the state has lagged far behind the rest of Australia. To a large extent, the blame for this falls on the Commonwealth's eastern manufacturers. Because these industrialists look on the territory as a market for their surplus goods, they have always been reluctant to set up plants there.

The war merely served to increase Western Australia's industrial handicap. The Commonwealth's war production planners heard the thud of Japanese scare bombs, took a look at the state's long and vulnerable coastline-and built their munitions plants elsewhere.

Foreign investors really haven't given the area an even break, either.

· Eve Out for Investors-Despite this, the state government is turning a hopeful eye towards U.S. and British money. It banks on finding investors who willing to take a gamble on a ra population increase.

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Spearhead of the drive is a uni Dept. of Economic Development, only portfolio of its kind in Austra It has several enterprises under way

The new State Electricity Com sion plans to set up a power grid in more thickly settled regions.

Early next year the government pilot blast furnace at Wundowie Perth) will be blown in. Its capac 10,000 tons a year. This is the first b furnace in the territory; if it proves cessful, the state will follow up similar projects.

Together with an undisclosed U steel firm, the state is now exploring possibilities of an even larger pro-There are huge iron ore deposits the Kalgoorlie Golden Mile and grade bituminous coal fields at Col If this coal can be used, a smelting pl will be built at Collie. Coal will t be shipped to the fuel-starved gold fiel iron ore will come back. The state pony up part of the initial capitalizat of about \$500,000.

• Plant Plans-Foreign private firms also active. A Danish engineering f will manufacture marine and station diesels. Rheem Mfg. Co. plans a tory. Kraft Walker Cheese Co., a sidiary of National Dairy Produ Corp., will build a plant near Alba Also on the way are a woolen mill a a plant for extracting oil from sh livers

Western Australia pins big ho on the war-born potassium industry Lake Chandler, which supposedly fill all Australia's fertilizer needs.



### Office Service for Business Overseas

In London, G. Kenward-Eggar (right), Manhattan importer, talks over a shipment of ind Finish trial gloves to be marketed in this country. World Travels, Inc., supplied the office—as poes chief of its new service for U. S. businessmen. The agency undertakes to plan entire trips in cisel, a principal cities of Europe and South America. The service includes a secretary, interpretent large legal advisers. These are all in the bag before the traveler starts.

# anadian Oil Find

Lloydminster-Lone Rock Id got slow start, but this year will turn out 850,000 bbl. Two S. companies active.

On the Alberta-Saskatchewan border, out 140 miles east of Edmonton, a w Canadian oil find is bursting with fivity. It is the Lloydminster-Lone ck field.

Black Geysers—In the 1,200-sq. mi. a now being explored—the field has tyet been delimited—new producing its are shooting up like black geysers. I the 129 wells drilled between Jan. and Sept. 30, only 15 were dry holes. Two major U. S. companies have ned the area's original promoters. It is the first was Continental Oil Co. It is was joined by Husky Oil & Refing Co., which last July moved a recry to Lloydminster from Wyoming. Intinental is represented by its Cantinental is represented by its Cantinental is a company, Hudson's oil & Gas Co. Imperial Oil Co. It, Canada's biggest firm, is also busy ploiting the new find.

Heavy Crude—The new field is not marily a gasoline producer. The oil a heavy crude—ranging from 10 to degrees a.p.i.—commanding a price from \$1.25 to \$1.37 a barrel. This mpares with about \$2.95 at Leduc d \$3.20 in the Turner Valley, Cana's major oil source.

But a great deal lower initial producn cost offsets this price differential. y dirt is reached at Lloydminster at and 2,000 ft. By contrast, Leducles go to 7,000 ft., and Turner Valleylls run to 10,000 ft. This means that alls at Lloydminster can be brought and equipped for \$20,000 or \$25,-0. Costs at Leduc and Turner Valleywe ranged between \$150,000 and 100,000.

Slow Start—The field was discovered 1934. But it was ten years before a od well came in. In 1944, 6,300 bbl. me from 12 wells. In 1945, 20 more lls were drilled and production rose 44,800 bbl. And in the first ten onths of 1947, the field turned out 7,638 bbl.

In 1944, Excelsior Refineries, Ltd., ened a plant in Lloydminster. It now indles 1,200 bbl. daily, or about a ird of production. The plant has aximum capacity of 1,800 bbl. The usky Oil & Refining Co.'s refinery is a daily throughput of 2,500 bbl. his will be stepped up to 7,500 bbl. Finished Products—Lloydminster oil is chiefly to asphalt production. Fuel, isel, and furnace oils make up the ext largest share of finished products. asoline is only 7% of production.

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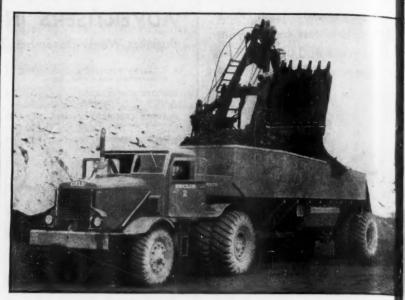
Living is delightful, too. Fine fishing and hunting, year-round outdoor sports.

Reliable facts and figures supplied confidentially on request. Write today.

B. H. Smith, Secretary
Believers in Valdosta

Chamber of Commerce Bldg., Valdosta, Georgia

# READERS REPORT:



40-TON LOAD of coal is carried by the Euclid Road Machinery Co. vehicle

### Too Heavy for Highways

Sirs

I feel that it would have been advisable to have indicated more clearly that the facts and figures contained in your recent series of articles on trucks apply only to trucks which meet the specifications for highway use, because there are several other manufacturers, Euclid included, of heavy-duty trucks which have much greater capacities than those listed in the first article [BW—Nov.29'47, p28].

Here is a photograph [above] which was obtained at an openpit coal mine near Zanesville, Ohio. This Euclid has a payload capacity of 40 tons of coal (enough to heat the average home for five or six years).

A. W. LEHMAN

ADVERTISING MANAGER, EUCLID ROAD MACHINERY CO., CLEVELAND, OHIO.

 As Euclid's advertising manager guessed, our truck articles dealt with over-the-road vehicles. Trucks too large or too specialized to meet highway requirements were not intended to be included in the series.

### How Cement Is Priced

Sirs:

We read with a great deal of interest your article on cement [BW—Nov.29 '47.p23]. But we cannot go along with you in what you said about the cement case now in the Supreme Court.

In the first place, you seem to have fallen into the habit, along with many

others, of using labels manufactured the Federal Trade Commission in a scribing the case. You say this case a "basing point" case. That is an FI label. The case is not a "basing poin case. It evolves out of a charge by FI that a conspiracy exists to fix ceme prices and terms of sale. This charsprings from the observation the cement prices always tend toward un tormity. The Federal Trade Commission professes to believe that this un formity can come about only through the conspiracy.

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Actually, uniformity of prices for standard product like cement com about as a consequence of the very conpetition which FTC has vainly soug to show does not exist in this indutry. And it can be added that ceme prices will always tend toward uniformity quite regardless of the outcome this present case and despite any pricingules that may be produced by interpretations of existing laws or new one Only when competition is eliminat will there be an absence of the treatoward uniformity in prices for cement

In an attempt to discredit this indutry through charges of conspiracy at price fixing, it has been made to appet that the entire industry uses a methe of making prices which involves the u of a "basing point" system. The pop lar understanding of a "basing point system is that it is a method where prices at points of delivery are produce by adding together the "base price" some arbitrary "basing point" and the freight from that "basing point" to the destination involved; that this then becomes the delivered price at that delivered price at the price at t

78

tination and that all competitors, by agreement, sell at that price regardless of where they originate the shipment or of how much freight (more or less) they actually pay. But no such "basing point" system or any other kind of a "basing point" system, is used by us or, so far as we have knowledge, by any other important segment of this industry. Notwithstanding this, that obnoxious and erroneous label has been fastened onto pricing methods in this industry.

In its basic essentials, our (Maruette's) method of making prices is he essence of simplicity. We start from the fact that all buyers want prices quoted on the basis of delivery at their destination, and, being in the wholesaling business only, we require that purchases shall not be less than for a full carload. Then we produce such prices by adding together the actual freight cost from OUR plants to the various destinations and a usually constant amount for the cement itself at OUR plants. The results are OUR delivered prices. Where lower prices quoted by competitors are encountered it becomes necessary either to make prices at least as low or forego the business. In such cases we usually lower our prices to the competitive level unless, of course, the resulting income margin is unsatisfac-

The point of importance is that nowhere in this simple proceeding is such a thing as a "basing point" system involved. We believe that irreparable harm to this industry is being done through the tendency on the part of the press to pick up catch phrases and to play them up without considering what erroneous implications they may carry or how far from fact the public understanding of them may be. It would be refreshing to see in print some day an accurate description—like the one given herein—of how one company in this

industry makes its prices. W. A. WECKER

PRESIDENT.

MARQUETTE CEMENT MFG. CO.,

CHICAGO, ILL.

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Our public relations department had indu it tabbed as a pretty good stunt back last July when we asked press previewers to bring their dirty wash to the opening of one of our client's launderettes. Evidently it was so good that even a Hollywood firm used the same promotional punch [BW-Nov.1'47,p50].

Don't get us wrong. We are not making a claim to the idea's origin. We just want to point out . . . that we used the stunt July 28.

NICHOLAS POPA, JR.

BYER & BOWMAN ADV. AGENCY, COLUMBUS, OHIO.



# To beat the heat both ways

The heat's on! The heat's on production men today to buy the utmost dependability in any equipment that may slow production's flow. For who can now afford either costly interruptions or costly idle equipment carried in reserve?

And when your need is safety switches, remember the heat's on here too. The electric current passing through the fuses of these guardians of motorized machines "just naturally" generates heat that constantly attacks switch mechanisms.

Cutler-Hammer engineers proved this the principal source of all safety switch troubles and created their new "heat-proof" design now so thoroughly proven by perform-

Thus, to beat the heat both ways insist on Cutler-Hammer Safety Switches for your requirements. Know the security, convenience and economy that dependably-operative safe safety switches provide. CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wis.



# THE TREND

### DYNAMIC VS. ABSOLUTE STABILITY

THE CONCEPT of "dynamic stability" (developed by C.E.D. Chairman Paul Hoffman) adds a helpful intellectual tool to those available for coping with the all-important problem of keeping our economy on a safely even keel. As opposed to absolute stability, dynamic stability contemplates ups and downs of as much as 15% or 20% in general economic activity. It would be destroyed by fluctuations of larger dimensions.

One useful contribution which the idea of dynamic stability makes to the popular thinking about business ups and downs is that it is much less discouraging to practical attainment than the idea of absolute stability. When they are told that the target is complete economic stability, a good many people—particularly businessmen—tend to give up in despair and let the whole problem go by the boards. Their practical experience tells them that absolute stability is a theoretician's dream and not for the real world. Dynamic stability offers a feasible goal for business planning.

Another virtue of the concept of dynamic stability is that it leaves in place certain compulsions which absolute stability, if attainable, would tend to eliminate. One of the most important of them is the driving force of personal necessity. Many of us frail humans still need that urge. European Socialists are finding this out to the sorrow of some nations where they gained power by promising everyone social security. A lot of people in Europe are tending to say, "I'll take the social security; you do the work." That makes the idea of absolute stability unattractive to many Americans who think it could be secured only at the expense of a drastic reduction in the standard of living.

A DOMINANT REASON why the American standard of living has soared so spectacularly is that our economy has made room for revolutionary new ways of improving production. In a completely stabilized economy such improvements would rarely be introduced. They upset regularity of employment and throw owners into bankruptcy courts. Dynamic stability would accommodate such improvements while checking fluctuations which, if extreme enough, might make them abortive.

As a matter of fact, we have been having something in the nature of dynamic stability lately. The Federal Reserve Board index of industrial production, widely used as the best single gage of general economic activity, hit 190 (1935-39 = 100) in March. In July it was 178, a drop of over 6%. Some of those who predicted a recession about midyear eagerly embraced that 6% to 7% drop as their vindication. But now the index has regained its March peak. So, the fact remains that for almost all practical purposes we have had a satisfactory degree of stability lately.

Things will not stay that way, of course, simply for the wishing. Aggressive steps, perhaps preeminently in the tax field, must be taken to have it so. But the idea of dynamic stability encourages such steps by providing a possible goal to shoot at.

### For Good Labor Relations

The National Planning Assn. is making a study of the whyfor of good labor relations rather than bad labor relations. That is a fine idea. We tend to get so much preoccupied with the pathology of labor relations that it looks like what's normal. That leads to dangerously muddled thinking about labor relations.

In launching its study, however, the planning association seems to us to be taking off on a less productive line than it might. It is asking for nominations of fairly sizable companies in important industries which have deal peacefully and successfully with characteristic labor management problems. It intends to subject a dozen of fifteen such companies to intensive study.

Our anxiety to have this study of good labor relations succeed magnificently prompts us to remark that this may well prove a relatively abortive way of going about it. A more productive procedure, as we see it, would be to limit both the nominations and the intensive study to companies and industries which are confronted by those conditions which make the attainment of good labor relations a truly formidable undertaking.

For example, the industrial relations manager in an industry where labor cost accounts for only a small part of the total cost of production has a far easier job in keeping everything sweet and lovely than the same officer in an industry where this is not the case.

Likewise, it is obviously far easier to have happy labor relations in an industry which is relatively profitable than in one where this is not the case. The degree of intensity of the competition involved may have an important bearing on these possibilities.

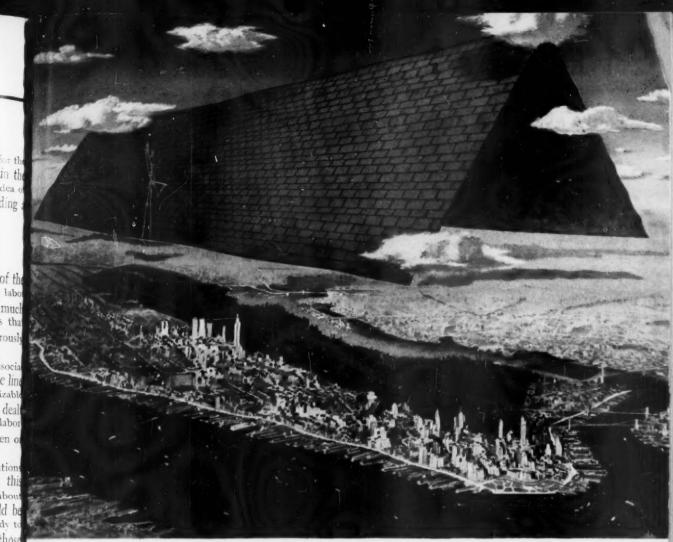
SHOW US COMPANIES which cope continuously with rugged competition in a thin market for the sale of products with a high labor content, and which still have fine labor relations, and you show us something that is really worth studying. If the names of such companies occur to you, send them to us and we will pass them along to the planning association.

In doing so we'll hope to inspire the association to study not only good labor relations, but good labor relations where attaining them is really a tough job. That, as we see it, is the sort of study which might really get us somewhere in solving what, despite the Taft-Hartley laws remains our No. 1 domestic economic problem.

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THE FLINTKOTE COMPANY, bis building materials and products for home and industry, has pioneered better roofings since 1901. Shell Industrial Lubricants are part of their efficient production setup.

# ROOF OVER MANHATTAN

T FLINTKOTE'S East Rutherford, N. J., plant, a single A machine, in a year, could produce enough fire-resistant roofing to cover Manhattan . . . over 635 million square feet.

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From this one machine, top-grade composition shingles and roofing are rolled out at a rate of 604,800 sq. ft. every 8-hour shift . . . a severe test of production efficiency . . . and . . . of industrial lubricants . . .

Violent chemical action, searing heats, crushing pressures, beat the life out of ordinary oils and greases. Flintkote entrusts the job of protecting costly equipment to Shell Industrial Lubricants.

In the big roofing machine-exposed to asphalt and gritty crushed rock—a special Shell lubricant helps keep production high. A Shell high-temperature resisting grease in "beaters" making roofing felt, stands up to moisture and turbulent whip-

ping action. And in steam-heated "driers" other outstanding Shell lubricants stay put despite 300°F heat . . .

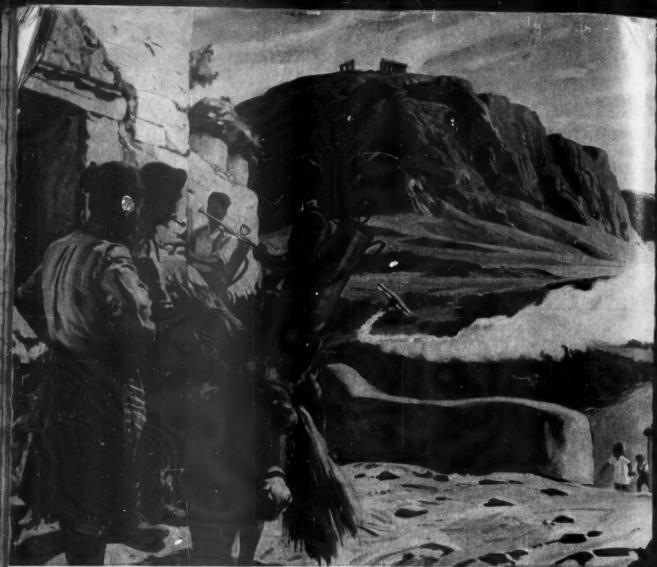
Flintkote now uses Shell Industrial Lubricants in 19 plants located in the United States and Canada. They have been applied, under the Shell Lubrication Plan, for 16 years.

As new machines and new methods come into use, the need for planned lubrication is even greater. Shell's complete and progressive lubrication plan includes: study and analysis of plant and machines; engineering counsel; advice on applying lubricants; schedules and controls for each machine; periodic reports on progress.

Are you absolutely sure the machines in your plant benefit by all that's new in lubrication? Call in the Shell Lubrication Engineer.

LEADERS IN INDUSTRY RELY ON SHELL INDUSTRIAL LUBRICANTS





Painting by Harry Morse Meyers-"Grove Dusting in Greece-U.S. Style."

### America the Provider-Chemicals

 $\mathbf{B}^{\mathtt{Y}}$  making many bushels of food grow where one grew before, in this country and abroad, American fertilizers are helping to solve the world's food problem. Crop and health pests also are being reduced by chemical control.

The fertilizer industry is but one branch of the vast chemical industry, the products of which range from heavy industrial chemicals, acids, salts and alkalies to extremely complex dyestuffs, plastics, synthetic fibres and medicinals.

Perhaps no other industry rests as much on modern science as does the chemical industry. It is estimated that for every 10,000 persons on its payroll there are about 300 research workers. The United States is the world's largest producer and consumer of chemicals, and likewise the most nearly self-sufficient.

In 1939 our chemical exports amounted to \$164 million. In the latest year they had increased to \$500 millions' worth of chemical products annually.

Keeping pace with expanding American industries, National City's world-wide branches afford unequaled banking services to manufacturers, traders and shippers.

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